

Sustainability Report  
Banco Itaú Holding Financeira S.A.

→ Relationships and  
Indicators  
2007



Banco Itaú Holding Financeira S.A.

# 2007 Highlights - Relationships and Indicators



## February

Instituto Itaú Cultural (Itaú Cultural Institute) celebrates its 20th anniversary. The institute has built up one of Brazil's largest collections of artworks and played an important role in fostering local art and culture.

Itaú Holding concludes the first stage of implementing the AA1000 Standard, which is a Learning Cycle. The main purpose of AA1000 is to establish a systematic process of dialogue and mobilization with all the Organization's strategic audiences.



## April

Fundação Itaú Social (Itaú Social Foundation) and the Ministry of Education sign a partnership agreement to hold the **Brazilian Portuguese Language Olympics** in 2008, based on the educational methods of the Escrevendo o Futuro (Writing the Future) Program.



## May

Itaú Holding asks 2007 Nobel Peace Prize winner **Al Gore** to visit Brazil with his message on the threat of global warming.



## July

A new program named (Tactfully) Com Tato offers advice and support for employees and their families such as specialized multidisciplinary assistance from psychologists, nutritionists, physiotherapists, physical education professionals, educational psychologists, lawyers, occupational therapists, speech and hearing therapists, and psychiatrists.

**Itaú Bankline** is launched as the Bank's new electronic relationship platform with features facilitating navigation and use of its services. Some 80% of the changes were prompted by customers' suggestions.



## August

In an entirely new initiative for the Brazilian financial market, Banco Itaú announces **reduced or zero** service charges for personal clients' current accounts. The aim is to make Itaú even more competitive in attracting new customers and building the loyalty of its current base.



## September

**Banco Itaú** launches a campaign named **Uso Consciente da Conta Corrente (Conscious Use of Your Current Account)** - the first of its kind in the Brazilian banking sector designed to help consumers use their accounts securely, responsibly and correctly. The initiative is a continuation of other programs - **Uso Consciente do Banco (Conscious Use of the Bank)**, launched in 2004, and the **Uso Consciente do Crédito (Conscious Use of Credit campaign)**.



## October

After tariff cuts for personal customers, Banco Itaú made cuts of up to 7.94% for **MaxiConta business accounts** too.

An external consultation on Social and Environmental Risk Policy for Business Credit is launched at the end of the year and considers suggestions from representatives of the Organization's strategic audiences, such as employees, customers, suppliers, other financial institutions, NGOs and the public powers.



## November

With the aim of strengthening alignment of employees with the Organization's values and principles, and helping to improve internal processes and climate, **Itaú Holding creates the position of Ombudsman**, with its own independent structure and mission, which is there to receive requests, complaints, or suggestions from any collaborator.



## December

To enhance interactivity on its Investor Relations (IR) website, Itaú Holding introduces a new tool called **Meu RI (My IR)** enabling users to access personalized contents.

The Capital Market Analysts and Investment Professionals Association (Apimec) holds its last meeting of the year in São Paulo and draws a **record attendance of 600 people**, including shareholders, investors, journalists, and opinion makers.

# Main Social, Economic and Environmental Indicators

Ibase table

Amounts in R\$ thousand

2007

2006

## 1 - Calculation base

Net Revenue (NR)	15,476,489	12,529,696
Results of Operations (RO)	11,045,473	6,076,928
Gross payroll (GP)	6,351,959	5,493,860

2 - Internal social indicators	value	% GP	% NR	value	% GP	% NR
Meals/Food	377,545	5.94%	2.44%	323,825	5.10%	2.09%
Compulsory Social Charges	1,072,835	16.89%	6.93%	932,183	14.68%	6.02%
Private Pensions	49,443	0.78%	0.32%	66,500	1.05%	0.43%
Health	189,957	2.99%	1.23%	170,412	2.68%	1.10%
Occupational Health and Safety	5,759	0.09%	0.04%	4,690	0.07%	0.03%
Education	15,700	0.25%	0.10%	15,212	0.24%	0.10%
Transport	35,613	0.56%	0.23%	29,309	0.46%	0.19%
Occupational training and development	65,008	1.02%	0.42%	55,357	0.87%	0.36%
Day care and day-care assistance	19,103	0.30%	0.12%	16,539	0.26%	0.11%
Profit sharing program	1,096,143	17.26%	7.08%	957,218	15.07%	6.18%
Other Benefits	44,220	0.70%	0.29%	39,687	0.62%	0.26%
Total Indicators	2,971,325	46.78%	19.20%	2,610,933	41.10%	16.87%
(b) INSS/IAPAS security charges						

3 - External social indicators	value	% RO	% NR	value	% RO	% NR
Education	40,278	0.36%	0.26%	28,149	0.25%	0.18%
Culture	47,026	0.43%	0.30%	34,776	0.31%	0.22%
Health and Sanitation	2,694	0.02%	0.02%	1,873	0.02%	0.01%
Sports	-	0.00%	0.00%	-	0.00%	0.00%
Day care	-	0.00%	0.00%	-	0.00%	0.00%
Meals/Food	-	0.00%	0.00%	-	0.00%	0.00%
Other	93,077	0.84%	0.60%	45,179	0.41%	0.29%
Total contributions to society	183,075	1.66%	1.18%	109,977	1.00%	0.71%
Taxes (excluding social charges)	6,955,001	62.97%	44.94%	5,539,365	50.15%	35.79%
Total - External social indicators	7,138,077	64.62%	46.12%	5,649,342	51.15%	36.50%

(d) Same criteria as other indicators, ie. excludes amounts netted out in consolidation and includes third party taxes.

4 - Environmental indicators	2007	% RO	% NR	2006	% RO	% NR
Investments related to company manufacturing/operating processes	3,677	0.033%	0.024%	2,305	0.038%	0.018%
Investments in external programs or projects	395	0.004%	0.003%	350	0.006%	0.003%
Total investments in the environment	4,072	0.037%	0.026%	2,655	0.044%	0.021%

5 - Workforce Indicators	2007	2006
Employees at end of period	65,089	59,921
New hires during period	13,181	12,621
Turnover rate	7.47%	8.85%
Interns/apprentices	936	1,082
Employees aged over 45	10,980	7,926
Women employees	36,392	33,260
% management positions occupied by women	39.21%	39.52%
Blacks employed in the company	1,629	1,328
Mulattos employed in the company	6,764	5,964
% management positions occupied by blacks and mulattos	4.40%	3.97%
Handicapped or persons with special needs	2,204	1,489

6 - Business Citizenship - key data	2007	Goals 2008
Ratio highest to lowest remuneration in company	n.d.	n.d.
Total number of workplace accidents	563	-
Social and environmental projects developed by the Company were defined by:	officers and managers	officers and managers
Health and safety standards for the work environment were decided by:	officers and managers	officers and managers
In relation to union rights, collective bargaining and internal worker representation, the company:	follows ILO rules	follows ILO rules
Private pensions cover:	all employees	all employees
Profit-sharing covers:	all employees	all employees
When selecting suppliers, the same ethical, social and environmental responsibility standards adopted by the company:	are required	will be required
In relation to employee participation in voluntary work programs, the company:	organizes and encourages them	will organize and will encourage

	2007		Goals 2008
Total number of consumer complaints and criticisms:	Company 142,438	Procon 10,539	Courts n.d.
% of complaints and criticisms responded or resolved:	Company 96%	Procon 45%	Courts n.d.

Statement of Added Value (SAV)	2007	2006
Added value - total to distribute (R\$ '000)	21,974,185	13,609,470
Distribution of Added Value (%)		
Government	35.3%	30.5 %
Employees	26.4%	37.5 %
Shareholders	12.9%	16.3 %
Profit reinvested	25.4%	15.6 %

Consolidated Statement of Added Value - R\$ '000	2007	Share %	2006	Share %
Income from Financial Intermediation (a)	15,476,486	—	12,529,696	—
Income from Insurance, Pensions and Savings Bonds (b)	1,218,943	—	1,126,390	—
Other Operational Revenues / Expenses (c)	5,278,756	—	(46,616)	—
Added Value (d = a + b + c)	21,974,185	—	13,609,470	—
Remuneration of Labor (e) (*)	5,800,799	26.4	5,109,247	37.5
Remuneration of Government (f)	7,754,693	35.3	4,146,173	30.5
Remuneration of Shareholders (g)	2,829,615	12.9	2,228,106	16.4
Profit Reinvested (h)	5,589,078	25.4	2,125,944	15.6
Distribution of Added Value (i = e + f + g + h)	21,974,185	100.0	13,609,470	100.0

(\*) Not including Social Security charges.

Statement of Added Value 2007



35,3%	Government
26,4%	Employees
12,9%	Shareholders
25,4%	Profit reinvested

# Relationships and Indicators 2007

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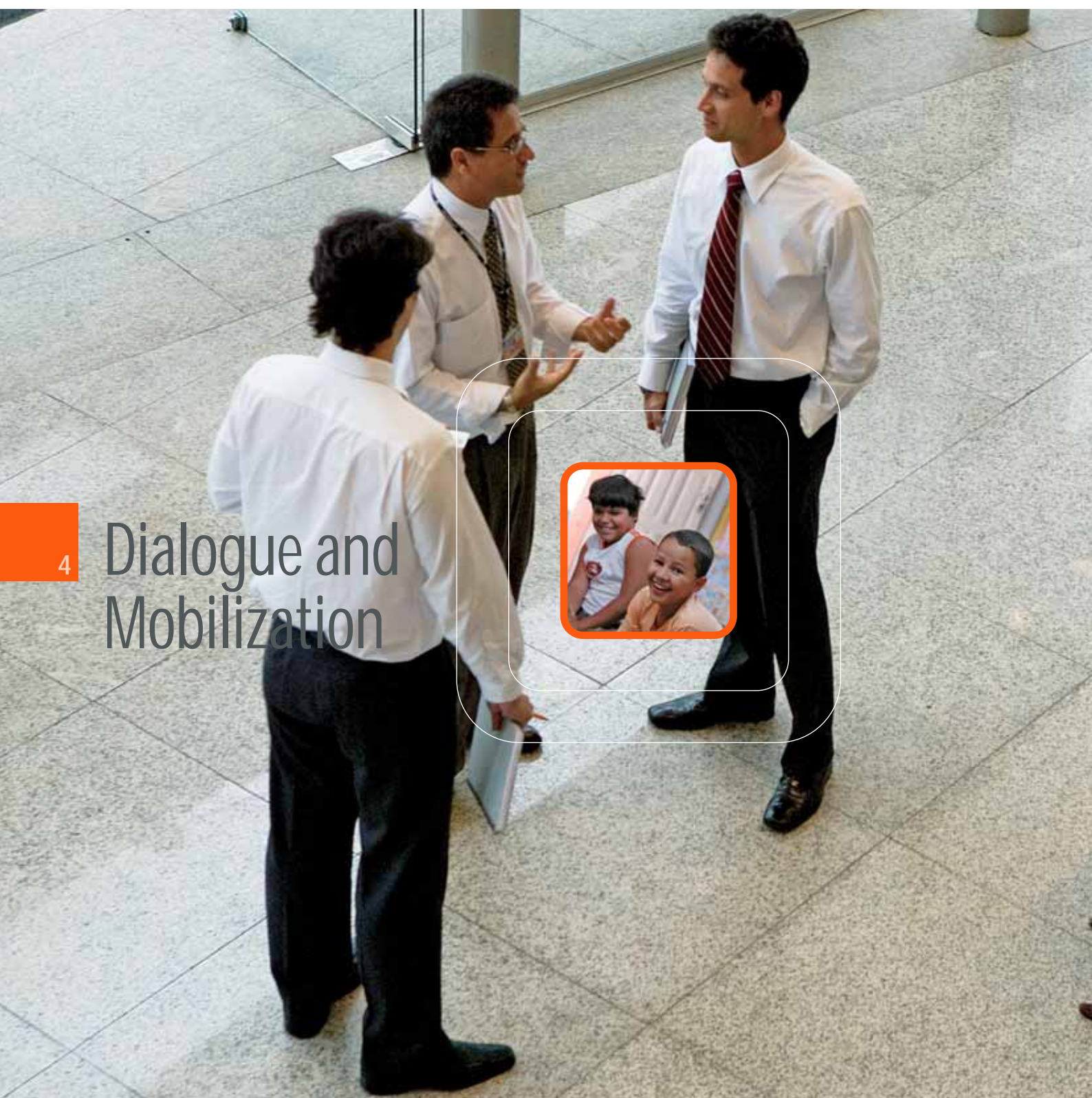
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## Dialogue and Mobilization

# Leading the field in Brazil, Itaú Holding adopts the AA1000 Standard as the platform for engaging its strategic audiences and enhancing socio-environmental management.

Itaú Holding believes that ethical, transparent and durable relationships with all directly and indirectly involved in its operations are fundamental to attain an effective process of sustainable development.

For this process of dialogue, interaction and continuous improvement to become more efficacious, the Bank identified its main strategic audiences (see diagram).

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## Scale of relationships\*

More than **65,000** employees and **44,000** dependents.

More than **60,000** shareholders.

Around **24 million** customers.

More than **30,000** suppliers.

\* data as of December 31, 2007

## Fundamental values in Itaú Holding's relationship with its audiences:

- ➔ Respect for people as individuals .
- ➔ Ethics.
- ➔ Commitment to developing high quality products and services.



## Itaú is an early adopter of AA1000

In 2007, Itaú Holding continued to develop its project for implementing AccountAbility 1000 (AA1000) – a process initiated in 2006 with the aim of continuously enhancing the engagement of its strategic publics, or stakeholders. This enables the Organization to strengthen its positioning as an ethical and transparent institution.

One of the merits of the AA1000 process is enabling the Bank to build a single corpus of measures integrating Corporate Values, Vision, Corporate Ethics Code and Sustainability Policy. The process also supports and expands communication activities and structuring for reports to strategic publics. This entire framework certainly contributes to the Organization's progress toward sustainable development.

In terms of administrative structure, Itaú Holding's AA1000-based planning and administration are conducted by the socio-environmental Responsibility Executive Committee and operationalized by its Corporate Ethics Consulting area.

However, the project is very extensive and has several ramifications which involve the Bank's entire structure, requiring long-term planning and actions by all the Organization's teams, not only those directly involved in the process of implementing and disseminating the standard.

### AA1000 – the standard and its scope

AccountAbility 1000 (AA1000) is an international standard providing guidance on building sustainable relationships with strategic publics. It is recognized as corporate excellence practice by the Dow Jones Sustainability World Indices (DJSI), Global Reporting Initiative (GRI) and other worldwide ratings and rankings.

The AA1000 standard was devised by the Institute of Social and Ethical Accountability (ISEA) in London in 1999, and is one of most wide-ranging management tools for business social responsibility. The purpose of this platform is to enhance an organization's process of collecting data, auditing and reporting its practices, while prioritizing dialogue with its strategic publics.

Few organizations have adopted AA1000 in Brazil. When Itaú Holding started implementing the standard in 2006, it was in the forefront in this field too and it hopes its example will encourage other organizations to examine their socioenvironmental management models and practices.

### Gradual implementation

Since AA1000 calls for a large-scale process of mobilization and increased awareness, the implementation project is likely to extend through February 2011 (see table), in three major cycles of engagement and dialogue.

Stage 1, the Learning Cycle, ended in February 2007 and involved diagnosis, studying the standard and planning.

The first Incorporation Cycle currently underway aims to build the physical and cultural infrastructure required to implement the initiatives, policies, and indicators that translate the contribution of the standard to the Bank's institutional and business routine.

The third stage, Incorporation Cycle 2, is due to be initiated in March 2009 and will focus on enhancing infrastructure, rooting AA1000 in Itaú's relationship processes with its publics, developing new practices for engagement and dialogue, and legitimizing other communication channels.

As of March 2011, with AA1000 duly incorporated to the different routines and forms of relationship between Itaú Holding and its publics, the expectation is to develop and implement biennial cycles to ensure continuity for Itaú Holding's engagement and dialogue objectives.

### Itaú Holding – AA1000 implementation project: cycles and objectives

#### STAGE 1 – January 2006 – February 2007 Learning Cycle (concluded)

- A. Diagnose Itaú's degree of adherence to AA1000.
- B. Study the standard and the best way of implementing it.
- C. Macro-level mapping of strategic publics.
- D. Document Itaú's channels of communication.
- E. Define strategic themes for engagement and dialogue.
- F. Run some pilot projects for engagement and dialogue.
- G. Train the teams involved in the cycle.
- H. Plan Cycle 2.

#### STAGE 2 – March 2007 – February 2009 Incorporation Cycle 1 (currently underway)

- A. Build infrastructure for managing the AA1000 process.
- B. Enhance corporate policies.
- C. Develop engagement and dialogue practices.
- D. Legitimize certain channels of communication on the lines of AA1000.
- E. Document Itaú's principal relationship routines.
- F. Plan Cycle 3.

#### STAGE 3 – March 2009 – February 2011 Incorporation Cycle 2

- A. Enhance infrastructure for managing the AA1000 process.
- B. Root the AA1000 process in Itaú's principal relationship routines.
- C. Develop engagement and dialogue practices.
- D. Legitimize certain channels of communication on the lines of AA1000.
- E. Plan Cycle 4.

## Results now starting to emerge

Some areas of the Organization, such as those working with credit, servicing and relationships with shareholders, investors and customers, are already using the standard to enhance their activities, particularly in the sense of broadening dialogue, with methods, actions and tools that stimulate two-way contact. The external consultation (see chart), conducted in 2007 to evaluate Social and Environmental Risk Policy

for Business Credit, was one example of knowledge and interests being shared.

This continuous improvement process tends to grow inside the Organization and by sharing practices and lessons may be used as a model or point of departure for other companies.

## External consultation contributes to final format of Social and Environmental Risk Policy for Business Credit

The process of finalizing the Social and Environmental Risk Policy for Business Credit took a fundamental and pioneering step forward in this type of implementation: an external consultation.

This consultation was organized through a meeting at the Bank's headquarters in October 2007. The text of the policy was submitted to evaluation by a multidisciplinary group of representatives of Itaú Holding's employees, customers, suppliers, other financial institutions, NGOs and the public powers.

The meeting generated an extensive process of discussion and many contributions. Some of them became part of policy, others are being examined, and some will not be implemented for technical or strategic reasons.

This initiative of holding external consultation meeting shows Itaú Holding's commitment to the principles of transparency and relationship with strategic publics as well as the Bank's alignment with AA1000.



### Learn more about:

→ AA1000 implementation initiatives underway available in the electronic version of this Sustainability Report [link](http://www.itaui.com.br/socioambiental/) <http://www.itaui.com.br/socioambiental/> in Públicos de Relacionamento/Meio Ambiente/Ações/Análise de Risco e Crédito Socioambiental section.

Social and Environmental Risk Policy for Business Credit available at our website <http://www.itaui.com.br/socioambiental/> in Públicos de Relacionamento/Meio Ambiente/Ações/Análise de Risco e Crédito Socioambiental section.

Itaú Holding intensifies relationship with its shareholders and investors, highlighting the record audience for the Apimec cycle, international roadshows and development of a new internet-based tool.

## Shareholders and Investors

More than **63,000** Brazilian shareholders have Itaú Holding stock.

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Itaú Holding is committed to providing clear, accurate, accessible, full and equitable information about its strategies, results, and prospects.

In 2007, the Organization took several initiatives that enhanced relationships with its shareholders, investors and the financial market in general. Public meetings organized by the Capital Market Analysts and Investment Professionals Association (Apimec) were held in the cities of Santos (SP) and Caxias do Sul (RS) for the first time, and some 3,000 attended

16 meetings during the year. The most recent event was in São Paulo on December 5, and drew a record audience of 600. Other noteworthy initiatives included conference calls over the internet, roadshows abroad, segmentation of the Investor Relations website with the creation of a special “Meu RI” section, and web chats for individual investors.



## Itaú Holding Investor Relations

### Relationships

- ➔ Shareholders
- ➔ Individual and institutional Investors
- ➔ Capital market analysts
- ➔ Regulatory bodies
- ➔ Brazilian and international capital market entities
- ➔ Specialized financial media
- ➔ Academics studying the financial and capital market

### Recognition in 2007

- ➔ Best Investor Relations website – *IR Magazine*
- ➔ Best conference call – *IR Magazine*
- ➔ Best annual report – *IR Magazine*
- ➔ Honorable mention for another seven awards – *IR Magazine*
- ➔ Best annual report – Abrasca



All the initiatives are part of the *Investor Relations Policy* practiced by the IR unit with support from the Disclosure and Trading Committee, whose main role is to organize and add value to relationship with the publics, with a defined strategic planning process that includes implementing measures, monitoring, evaluations and feedback.

Through its channels of communication (see chart), Investor Relations maintains a structured mechanism for publishing information, with transparency, quality and respect for ethical and legal principles.

### Channel of communication – shareholders and investors

Channel	Highlights in 2007
Public meetings	<ul style="list-style-type: none"> <li>• Holding 16 public meetings with Apimec, throughout Brazil, attended by approximately 3,000 participants. Itaú has held more Apimec public meetings than any other publicly held company in Brazil.</li> <li>• First Brazilian company to hold Apimec meetings in the cities of Santos and Caxias do Sul.</li> <li>• Meeting in São Paulo for the 12th consecutive year, attended by approximately 600.</li> <li>• An innovative partnership between Itaú Holding and Bovespa's Social and Environmental Stock Exchange led to the launch of the "Vale Apimec Itaú" ("Itaú- Apimec voucher"), which was distributed at the 16 Apimec meetings.</li> </ul>
Meetings with groups of investors in Brazil and internationally	<ul style="list-style-type: none"> <li>• Nine roadshows / conferences held in Brazil (São Paulo) and the USA (New York, Miami and California), the United Kingdom (London), China (Hong Kong), the Far East (Singapore) and the Arab Emirates (Abu Dhabi and Dubai).</li> <li>• Several presentations at seminars, conferences and conventions in Brazil.</li> </ul>
Conference calls	<ul style="list-style-type: none"> <li>• Four conference calls in Portuguese, with 307 participating in real time by telephone, and 4,615 through the internet.</li> <li>• Four conference calls on quarterly earnings in English, with 175 people taking part by telephone and 1,082 over the internet.</li> <li>• Recognized as the best conference call held in Brazil by <i>IR Magazine</i>.</li> </ul>
Investor Relations website	<ul style="list-style-type: none"> <li>• Presentation in three languages (Portuguese, English and Spanish).</li> <li>• Publication of statements and material facts.</li> <li>• Segmentation of the site in three sections: "Investors", "Analysts" and "Home". The aim is to attend to the specific needs of each profile.</li> <li>• Creation of "Meu IR" section, with the latest technology in website development enabling users to personalize content in accordance with their needs and preferences.</li> <li>• Publication of quarterly reports on performance including management analysis of the operation.</li> <li>• Recognized as best IR website by <i>IR Magazine</i>.</li> </ul>
Annual report and social balance	<ul style="list-style-type: none"> <li>• Publication of the Organization's economic, social and environmental indicators.</li> <li>• Printed and on-line versions.</li> <li>• Recognized as the best report by a Brazilian publicly held company, for the ABRASCA award.</li> </ul>
Newsletter "Ações Itaú em Foco" ("Focus on Itaú Stock/Initiatives")	<ul style="list-style-type: none"> <li>• Distributed quarterly to all shareholders and Itaú investment club unitholders since March 2004, and to interested persons registered on the Investor Relations website to receive in the printed format.</li> </ul>
Chats	<ul style="list-style-type: none"> <li>• Chats organized through partnership with the National Institute of Investors. Approximately 354 computers were connected for the most recent chat. Through this initiative, the Bank aims to communicate directly with individual investors for informative purposes.</li> </ul>



## Investor Relations website gains new tools

Itaú Holding has a specific Investor Relations website hosting over 8,500 pages of financial statements, releases, material facts, records of dividends, presentations made in Brazil and internationally, conference calls and other relevant information.

In 2007, the site was enhanced to offer personalized contents and foster more interaction with its users. Three new sections were introduced: "Investors" for individuals; "Analysts" for market professionals; and "Meu RI" - which enables visitors to go directly to the data they find most useful.

The new technology for Meu RI enables users to choose the contents of the personalized page and create pages with the specific content they are looking for.

The release of this new section involved a large-scale usability study, involving analyses of internet trends and best practices. The Bank also listened to the opinions of several regular users of the tool.

## Innovative partnership with Social and Environmental Exchange

The Social and Environmental Exchange (BVS&A) is a groundbreaking initiative worldwide with official support from Unesco that was created by Bovespa to foster contacts between social organizations needing funds and investors willing to support their programs and projects.

In 2007, Itaú Holding signed a partnership agreement with BVS&A to launch the "Vale Apimec Itaú" ("Itaú- Apimec voucher") as a "social gift" to encourage Apimec meeting attendees to invest in programs and projects run by non-governmental organizations selected by BVS&A.

At each meeting held in the year, each guest received a R\$ 25 voucher to donate to one of the selected programs or projects. Participants who did not make the donation at the event had two months to donate their voucher to the NGO of their choice. At the end of that period, if the gift had not been used, Itaú Holding would give the donation to BVS&A projects.

Itaú Holding has been collaborating with BVS&A since 2004 by donating 10% of the annual amount paid to the São Paulo Stock Exchange (Bovespa).



### Learn more about:



Investor Relations available at our website [www.itaui.com.br](http://www.itaui.com.br).

The Dow Jones Sustainability Index by going to Our Commitments.

The contents of our Focus on Itaú newsletter (Ações Itaú em Foco) by going to the Shares section at Itaú Holding/Shareholder information

Itaú Holding establishes a constructive dialogue with its employees based on a personnel management policy focusing on professional and personal development, fostering diversity, performance and potential, continuous improvement and offering differentiated benefits.

## Employees

**65,000** employees building Itaú Holding's reputation everyday.

One ongoing objective pursued by Itaú Holding is building a working environment that motivates people, one in which all employees increasingly feel more involved and committed to the Organization's strategic guidelines. The Organization's commitment to sustainability is reinforced year by year based on its employees' involvement, as a fundamental part of its efforts to obtain consistent results, gain and hold markets, adapt to new realities and strengthen its ethical and responsible image.

The number of employees involved in Itaú Holding's many different operations rose 44% from 2004 to 2007. In this context, human resources policy and practices make a difference and the main guidelines are respect for individuals, fostering diversity, developing competencies, continuous improvement and aligning employees with the "Modo Itaú de Fazer" ("The Itaú Way").



### Number of employees – trends

Area	2005	2006	2007*
South	4,740	5,199	5,612
Southeast	37,555	41,638	49,285
Mid-West	1,978	2,227	2,440
Northeast	1,572	2,018	2,533
North	418	534	610
Brazil	49,830	58,561	60,480
International**	1,206	1,360	4,609
<b>TOTAL</b>	<b>51,036</b>	<b>59,921</b>	<b>65,089</b>

\* data for December 31, 2007

\*\* data for companies abroad

### Category /Type

	2005	2006	2007
Management	5,825	8,039	9,036
Administration	26,502	27,820	28,562
Production	18,709	23,956	27,491
<b>TOTAL</b>	<b>51,036</b>	<b>59,921</b>	<b>65,089</b>
Directors ***	211	270	283
Trainees ***	269	248	346
Interns	995	1,082	936
Apprentices	210	420	1,427

\* All employees working full-time

\*\* Statutory directors

\*\*\* Included in the item "Administration"

### Job creation and turnover (%)

	2005	2006	2007
Job creation	10,432	12,261	13,181
Turnover (*)	8.95	8.85	7.47

(\*) 2006 data rectified.

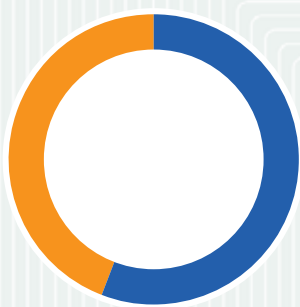
### Termination and turnover rate in 2007, by gender and age group (\*)

Age / gender	Total terminations	Turnover rate %
Women	1,920	6.79
Men	1,839	7.99
Under 30 years old	1,638	10.25
30 to 50 years old	1,797	5.68
Over 50 years old	330	9.03

(\*) Companies included: Banco Fiat S.A.; Banco Itaú Holding Financeira S.A.; Banco Itaú S.A.; Banco Itaúcard S.A.; Banco Itaúcred Financiamentos S.A.; DTVM; Financeira Itaú CDB Crédito Financiamento e Investimento; Fináustria Asses. Adm. e Serviços Crédito; Icarros Ltda.; Itaú Adm Consórcio; Itaú Corretora de Valores S.A.; Itaú Leasing; Itaú Previdência e Seguros S.A.; Itaú Seguros S.A.; Itaú XI Seguros Corporativos S.A.; Itaúseg Saúde S.A.; Kínea; Orbital Serviços e Processamento de Informações Comerciais S.A.; Total Serviços Promoção e Negócios Ltda.

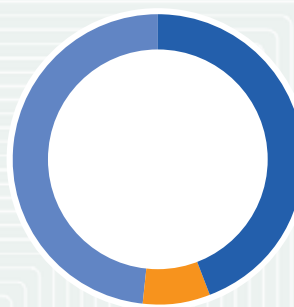
## Itaú Holding – employee profile

### Gender



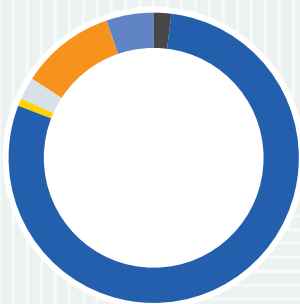
44.9%	male
55.91%	female

### Marital status



44.21%	married
48.08%	single
7.71%	other

### Ethnic group\*



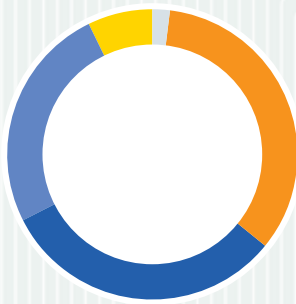
2.22%	asian
79.33%	white
0.25%	indigenous
2.50%	black
10.39%	mulatto
5.31%	not informed

\* self-reported

### With the company

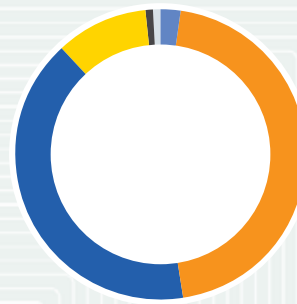


46.05%	less than 5 years
16.69%	5 – 10 years
21.24%	10 – 20 years
16.02%	20 years or more



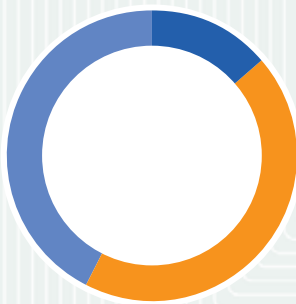
### Age group

2.15%	less than 19
33.82%	20 to 29
31.63%	30 to 39
25.37%	40 to 49
7.03%	over 50



### Education

2.38%	elementary
45.78%	secondary
40.85%	postsecondary
10.22%	postgraduate
0.72%	master's
0.05%	doctorate



### Job categories

13.88%	directors / managers / leaders / supervisors
43.88%	administrative / technical
42.24%	production / operational

### Ethics

To foster its ethical commitments taking root in its corporate culture, Itaú Holding and its associated companies have the following management bodies:

- ➔ Board of directors.
- ➔ Nineteen ethics collegiate bodies: the Higher Ethics Commission (Itaú Holding), six Ethics Committees (associated companies), and twelve Sector Ethics Committees (Banco Itaú's executive areas).
- ➔ Three bodies managing the organization's ethical commitments: the Corporate Ethics Consulting, Itaú Internal Controls and Compliance Systems and the Ombudsman Superintendency.

In 2005, Itaú Holding published a standard to uphold the following set of moral codes:

#### Internal to Itaú

- ➔ Corporate Ethics Code.
- ➔ Sector Codes of Conduct: to meet specific needs of Itaú Holding's associated companies and Banco Itaú's executive areas.

#### External to Itaú

- ➔ Ethics and Self-Regulatory Codes of business associations of which Itaú is member.
- ➔ Codes of Ethics and Conduct of Liberal Professions.

This standard establishes two programs managed by Corporate Ethics Consulting, namely:

#### *Ethical Commitment*

##### *Management Program*

Provides managers and staff with instruments and information to solve ethical dilemmas and conflicts of interest. Some of these practices are highlighted opposite.

- Engagement and dialogue with stakeholders – AA1000.
- Analysis of ethical deviations.
- Channels of communication for complaints.
- Channels for appeals, guidance, and suggestions.
- Management indicators showing Ethics Code taking root.
- Assessing the organization's ethical climate.
- Internal control of management program.
- Dissemination of corporate ethics policy to all strategic publics.
- Biennial assessment of corporate ethics policy (by outside company).

#### *Continuing Education in Ethics Program*

The program disseminates the principles, values and standards of conduct of Itaú Holding to managers and staff, and teaches the fundamentals of Business Ethics.

- Courses, workshops and lectures: presence / e-learning / internal MBAs.
- Educating multiplier agents
- Corporate ethics site (being developed).
- Internal communication initiatives: corporate magazine, news and advice on intranet and bulletin boards.





### Initiatives – Continuing Ethics Education Program

More than 49,000 employees have taken part in Ética no Itaú (Itaú Ethics) e-learning courses since their inception in 2005. This course is obligatory and all employees take it within a few months of joining the Organization. The ethics theme was also covered by 71 presence events including courses, workshops, and lectures involving 7,729 employees held at the buildings of ItaúBank, Itaú BBA, and Itaú Buen Ayre (Argentina).

In the same field, 32,886 Itaú Holding employees took the Money Laundering Prevention course in 2007. The aim of this electronic course is to explain the legal obligations of financial institutions under Law 9.613, and present the approach and structure adopted by Itaú Holding to prevent it being used for this type of activity. The e-learning courses also provide an overview of the type of risk situations and suspicious operations that should be submitted to careful analysis.

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See also:

#### Alignment and performance

Itaú Holding human resources policies and practices are aligned with its overall Vision, Principles and Values detailed in the Strategy and Business volume's chapter on "Sustainable Value Bank".

## Career

### Attraction and integration

Itaú Holding offers opportunities to work alongside specialists from a wide range of backgrounds in terms of performance and training, as well as an environment with real prospects of professional and personal growth.

The Organization recruits employees committed to ethics, self-development and teamwork, who develop their work seriously, dynamically and creatively to strive for better results.

Through an internal recruitment process called Programa Oportunidades de Carreira (Career Opportunities Program – POC), Itaú Holding prioritizes the selection of employees for opportunities emerging in its companies. The main objectives of this program are tapping internal

professionals, offering chances for personal growth and development, active involvement of employees in building their careers, and retaining of talents.

Professionals are recruited in the marketplace through announcements on Banco Itaú's website, engaging firms specialized in recruitment and selection, and holding recruitment fairs to attract young talents.

Integration for new employees is conducted through the monthly Integração Corporativa (Corporate Integration) program's course covering the different areas of the Organization, Itaú Holding's Vision, Values, culture and management practices. This program supported the efforts to integrate former BankBoston employees in 2007 (see chart).



Learn more  
about:



Itaú Holding's instruments for recruiting professionals available in the electronic version of this report, [link](http://www.itaui.com.br) <http://www.itaui.com.br>, on Financial Information/Annual and Quaterly Report section.

## Successful integration of BankBoston employees: major addition to human capital

The process of integrating former BankBoston employees into Itaú Holding started in 2006 and was consolidated in the course of 2007. The guiding principle for this process was ensuring a smooth and transparent transition, in order to guarantee business continuity and recognition of professionals. Some 3,250 professionals from BankBoston were transferred to Itaú Holding and 88% remained on the organization's staff at the end of the year. This level of retention is similar to what would have occurred on the basis of BankBoston's historic turnover, which shows that the transfer was very successful in terms of integration and retention.

Transfers took place gradually, and as part of the individual approach to the process, employees had full knowledge of their personal details, salary and benefits, and any questions were cleared up. This procedure was conducted with all the teams from BankBoston, including those at its 140 branches around Brazil.

In terms of communication, institutional information about the Organization was disseminated with important guidance on personnel management. A hot site was set up to carry all news on the integration process, including presentation materials and a channel to answer questions. Human Resources policies and practices for remuneration, benefits, education, and training were covered in several sessions with Itaú's principal HR executive.

From the start of the process, specific integration groups were defined by business area, with the participation of employees from Itaú Holding and those originating from BankBoston, in a joint project to map differences and discuss scenarios, careers, and opportunities. These groups worked with total synergy and clarity as to the gains to be expected from integrating the teams.

To examine cultural differences between BankBoston and Itaú Holding, specific areas of the bank set to work mapping, evaluating and discussing issues to draft an action plan taking into account the peculiarities of each team.

### Itaú BBA endeavors to serve new customers

Upon transferring a portfolio of some 900 corporate customers from Banco Itaú to Itaú BBA, the latter tackled the challenge of reorganizing its internal structure to meet the new demand. Part of this effort was recruiting 175 new collaborators, of whom 79 were from Banco Itaú.

Integration took place concomitantly with a broad plan for developing corporate culture, through workshops held with all top management and a review of the main human resources procedures, aiming to maintain the high level of results of Itaú BBA and brace the Organization for new challenges.

As part of that process, we strengthened the policy for tapping and developing internal potential, leading to 85 internal transfers and 83 promotions, 3 of them to management level. There were more far-reaching analyses of competitive positioning of fixed and variable remuneration in relation to the different marketplaces, resulting in a revision of general and specific policies, especially for Credit and Treasury.

The training and development area was extended, notably with several internal courses on such subjects as presentation techniques, instrumental Spanish for secretaries, accounting and taxation of derivatives, receptionist training and recycling, Valuation & Financial Modeling for investment banking, advanced accounting for credit analysts, handwriting and document analysis, and the annual integration event and strategic alignment of the risk and management control area.

Finally, Itaú BBA recruited and trained 72 final-year students or recent graduates from the best universities in São Paulo for trainee programs, also recruiting 35 young talents originating from this program for staff positions with the Organization.



## Training

The Organization believes that constant development of its employees through training and corporate education is crucial for an ever-improving organizational climate, more qualified people and consequently, better performance. In 2007, Itaú Holding invested more than R\$ 79 million in training and development programs.

### Development and Training Program

Participations	2006	2007
Internal courses	209,660	215,059
External courses	4,636	3,145
Executive seminars abroad	13	31
Seminars in Brazil	1,319	1,896
<i>Continuing Education Program – Brazil</i> (post graduation and master's degree)	1,320	1,742
<i>Continuing Education Program – external</i> (post graduation and master's degree)	10	13
<b>Total</b>	<b>216,958</b>	<b>221,886</b>

### Average hours training per employees

Level	2005	2006	2007***
Management *			
	24	38	27
<b>Total **</b>	<b>30</b>	<b>39</b>	<b>26</b>

\* including managers and superintendents

\*\* including supervisors, senior, full and junior analysts and other positions (non-commissioned). Companies included: Banco Fiat S.A.; Banco Itaú Holding Financeira S.A.; Banco Itaú S.A.; Banco Itaúcard S.A.; Banco Itaúcred Financiamentos S.A.; DITVM; Financeira Itaú CDB Crédito Financiamento e Investimento; Fináustria Asses. Adm. e Serviços de Crédito; Icarros Ltda.; Itaú Adm Consórcio; Itaú Corretora de Valores S.A.; Itaú Leasing; Itaú Previdência e Seguros S.A.; Itaú Seguros S.A.; Itaú XI Seguros Corporativos S.A.; Itaúseg Saúde S.A.; Kinea; Orbital Serviços e Processamento de Informações Comerciais S.A.; Total Serviços Promoção e Negócios Ltda.

\*\*\* average training hours fell because there were more non-recurring corporate initiatives in 2006 (e.g. e-learning on ethics, enhancement of commercial areas and launch of the "Talent Factory")

Due to all this effort, the Bank's Corporate Education area maintained the ISO 9001 certification it earned in 2006. This certification ensures description of procedures and identification of improvement opportunities in processes to obtain best use of resources and strive for better results.

Currently, 509 presence and distance-learning courses are offered for employees at all levels and areas of the Organization. They include the following: specialization and *in-company MBA*; integration; professional certification, management development; technical training; building, developing and improving teams; distance training and self-development.

In 2007, there was a 31% increase in distance learning offered, with a total of 304 programs offered by November of that year, including courses, knowledge mapping, simulations, and evaluations. The number of employees enrolled for training or e-learning initiatives rose 65%, jumping from 227,000 registrations in 2006 to 375,000 by December 2007.

As recognition, Itaú Holding was considered a national reference in the subject through the e-Learning Award Brazil 2007/2008.

The launch of certain new distance-learning courses in 2007 is worth highlighting:

- ➔ Brazilian Sign Language (Libras) training course to enable the 25,000 employees in Itaú and Personnalité branches to serve hearing impaired customers and users.
- ➔ Sustainable Development e-learning course aligned with Itaú's sustainability strategies to foster debate and employees' understanding of the subject. Some 29,915 employees took part in 2007.
- ➔ E-learning course on Conscious Use of Credit, providing guidance and important tips for employees to enjoy good financial health by organizing and controlling their expenses and investments. Some 20,000 employees took part in 2007.

- ➔ Labor Liability Prevention e-learning course to guide the Organization's managers in relation to procedures and conduct required to minimize labor risk in cases such as moral harassment, salary equalization, and noncompliance with schedule for breaks.

Our second Development Week was held in August 2007 to support training and development for employees, in order to stimulate understanding of the importance of the continuous quest for new knowledge and competences.

The subjects taken up at the event were the importance of motivation in the professional environment; self-knowledge, quality of life, education, career planning and feedback. The event involved 4,000 employees.



## Itaú Holding employees outperforming the market in ANBID Professional Certification exams

In order to develop professionals, Itaú Holding runs a series of programs and actions to qualify and prepare its employees to obtain and maintain certification in local and international markets. The purpose of these certifications is to improve quality in service provided in the different areas of performance in accordance with rules and standards set by regulatory entities.

In 2007, the focus was ANBID Professional Certification for all professionals directly or indirectly offering investment products. After taking part in a series of preparatory courses offered by Itaú Holding, the Organization's professionals obtained approval rates that were above the market average.

### Training and courses – Targets for 2008

- ➔ Organize initiatives to reinforce, monitor and intensify effective application of the “Modo Itaú de Fazer” (“The Itaú Way”) in leaders' day to day work
- ➔ Extend initial leadership program to those recently promoted to personnel management positions.

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Learn more  
about:



Preparatory training for ANBID Professional Certification and the approval rates obtained by Itaú Holding's professionals in 2007 available in the electronic version of this report, [link http://www.itaui.com.br](http://www.itaui.com.br), on Financial Information/Annual and Quaterly Report section.

### Feedback and performance

Itaú Holding sees feedback as a fundamental factor for developing teams, obtaining results and alignment with the “**Modo Itaú de Fazer**” (“**The Itaú Way**”). Therefore managers and teams are well trained and provided with tools to facilitate performance monitoring and assist employees in their development.

The Gestão Integrada de Performance e Potencial (Integrated Performance and Potential Management – GIPP) program is a new evaluation model for management and supervision levels that was implemented in 2007 with the aim of helping the focus on continuous improvement and standardizing processes for appraising results and personnel management.

That tool includes a 360 degree evaluation of competencies of results, with the objective of enhancing employees' personal and professional development. Using this type of evaluation, employees can obtain the perceptions of their supervisor, peers, team, customers, and suppliers,

observing all behaviors related to corporate competencies and the specific competencies of their jobs or areas of performance.

Management support instruments were developed: a Logbook registers attitudes, behavior, and results obtained by team members to underpin the task of providing feedback for employees; Feedback Registration allows for registration at any moment of specific feedback data to members of the team, emphasizing transparency, the professionals' development, obtaining better results and more interaction in the work environment.

Another important instrument is the Development Dialogue tool for structuring feedback at levels not covered by the GIPP, highlighting contributions and opportunities for improvement and creating an individual plan of development, agreed and committed to by manager and employee.

### Feedback – Achievements from 2007 and Targets for 2008

- ➔ 93%\* of employees were given an analysis of their performance and career development in 2007. The model includes the Gestão Integrada de Performance e Potencial (Integrated Performance and Potential Management) and Diálogo de Desenvolvimento (Development Dialogue) programs and is applied to all employees. The percentage difference is explained by the fact that employees admitted after July get their first performance analysis after 6 months working with the Organization.
- ➔ Training 10,000 employees.

\* Companies included: Banco Itaú S.A., Itaucor, Itauprev, Itauleasing, Banco Itaú Holding, Financeira Itaú, Finaustria, Banco Itaúcred, Fina Prom Serv, Banco Fiat S.A., Trishop, FIC Promotora, Total Serviços, Itaú Seguros, Itaúseg Saúde, Orbitall, Itaú Adm Consórcios, Kinea, Banco Itaúcard, Icarros Ltda, DTVM and Itaú XI Seguros Corporativos.

## Remuneration

In line with the continuous improvement of management tools, Itaú Holding's Remuneration area constantly monitors market practices and trends in relation to the theme. Continuing the process of revising variable remuneration initiated in 2005, specific models have been adopted for each market segment to maintain or increase competitiveness, and to attract and retain highly qualified professionals.

Itaú Holding's employees' total remuneration is composed of several items: fixed remuneration is the contractual amount stipulated by the company in accordance with legal provisions or agreements and Collective Bargaining Agreement; variable remuneration is to provide incentives and is practiced through portions depending on performance in relation to targets on top of the fixed amount of salary; Participação nos Lucros e Resultados (a profit sharing program – PLR) is offered when the Organization earns profits and is negotiated between Itaú Holding and unions; benefits offered all employees include health plans

and life insurance, among others; and Plano de Previdência Complementar (a pension plan) is built up through contributions from Itaú Holding and employees to ensure a pleasant retirement.

No Itaú Holding employee is paid the minimum wage, and the lowest monthly wage in 2007 was equivalent to 120% of the national minimum of R\$ 380. Each of the Organization's companies has a professional category and their minimum monthly wages are the following: banking, R\$ 636.36; insurance, R\$ 555.00; consortium managers, R\$ 668.00; and accounting, R\$ 457.68.



See also:

### Dissemination

Performance Culture is being disseminated in all Itaú Holding units. See details of this program in the chapter on "Intangible Assets" in the volume Strategy and Business.

### Well-being

#### Benefits

Itaú Holding is committed to continually striving for excellence in personnel management. One of the instruments to reach this objective is the practice of offering its employees a wide range of benefits with focus on well-being and health.

Some benefits are negotiated in collective bargaining agreements but many others are exclusively developed by the Organization.

Among the benefits, we may highlight family healthcare and dental plans, pensions, life insurance, counseling from social workers, day-care support, and special credit policy for employees.

### Supplementary Pension Plans offered to employees

Itaú Holding offers employees 13 different pension plans including defined benefit, defined contribution, and variable contribution plans. Benefits offered range from income for life (with or without benefits for survivors) to temporary income. Adherence to a plan is voluntary and all employees are entitled to participate.

The plans' funds are formed by contributions from participants and sponsors. In 2007, the sponsor companies contributed approximately R\$ 36.6 million.

Pension plans are managed with total transparency and in accordance with corporate governance principles in order to guarantee security for all participants and beneficiaries. All plans funded by Itaú Holding's companies are currently in actuarial and financial equilibrium.

Most benefits are offered to all Itaú Holding employees without distinction. Only three benefits have differentiated targets: vehicle financing with special conditions by management level, medical checkups, and parking.

#### Benefits – Itaú Holding

- ➔ Relocation and home assistance
- ➔ Home care
- ➔ Child care assistance
- ➔ Funeral assistance
- ➔ Meal and food assistance
- ➔ Check-ups
- ➔ Supplementary sick pay and accident insurance pay
- ➔ Loan assistance
- ➔ Parking
- ➔ Vehicle financing – special conditions
- ➔ Flexible working schemes
- ➔ Snacks
- ➔ Counseling – social service
- ➔ Family healthcare and dental plans
- ➔ Pension plans
- ➔ Employee loans
- ➔ Chronic illness treatment program
- ➔ Restaurants, snack bars, confectioners and cyber cafes in administrative buildings
- ➔ Group insurance – personal accident
- ➔ Group Life Insurance



Learn more  
about:



Benefits offered by Itaú Holding in the electronic version of this Report, *link* <http://www.itaui.com.br>, on Financial Information/Annual and Quaterly Report section.

### ComTato (Tactfully) program going beyond traditional benefits

Offering employees the conditions required for good professional performance means more than providing benefits and creating conditions for good working environments. Therefore, in July 2007, a personal support program to advise and support employees was introduced. Known as ComTato (Tactfully), the program involves the services of specialists such as psychologists, nutritionists, physiotherapists, physical education professionals, educational psychologists, lawyers, occupational therapists, speech and hearing specialists, and psychiatrists.

The service can be contacted on an 0800 telephone number or by visiting the network of accredited professionals. In 2007, there were some 22,000 calls, which show their high level of usability and justify the creation of a channel with these characteristics.

### Quality of life and wellness

The Bank encourages and invests in several programs to enhance quality of life, such as Educação Nutricional (Nutritional Education), Ginástica Laboral (Workplace Fitness), own gym facilities, Reabilitação Profissional (Occupational Rehabilitation), prevention of serious diseases, and leisure clubs.

Itaú Holding's employees are not involved in occupational activities with high incidence or risk of occupational diseases. Nevertheless, the Organization has assistance programs for serious diseases, with emphasis on education, training, control and prevention of sexually transmitted diseases (STDs) and yellow fever.

A program called Se Liga Aí (Watch out) is directed at young professionals working with Itaí to offer advice on prevention of Aids and other STDs. With the same purpose, folders are distributed to all Itaú Holding employees and to their relatives too.

In addition to these programs, there is an area set aside for quality of life on the Portal RH (HR Portal) where employees can consult information on several subjects, such as hearing, oral and visual health, mood disorders, chemical dependence, eating and nutrition, leisure and environment.



## Health and Quality of Life Programs and Activities

- ➔ Gyms
- ➔ Beach kiosk in Santos
- ➔ Itaú walks
- ➔ Sports championships or tournaments
- ➔ Country Club and vacation center
- ➔ Cultural competitions
- ➔ Cultural and sports facility use
- ➔ Itaú Run
- ➔ Parties on special dates
- ➔ Runners group
- ➔ Time for Health
- ➔ Travel, trips and trails
- ➔ *Programa 3ª Fase da Vida (Seniors Program)*
- ➔ *Programa de Educação Nutricional (Nutritional Education Program)*
- ➔ *Programa de Ginástica Laboral (Workplace Fitness Program)*
- ➔ *Programa de Prevenção às DST e à Aids (STD and Aids prevention program)*
- ➔ *Programa de Reabilitação Profissional (Occupational Rehabilitation Program)*
- ➔ *Programa de Saúde Vocal (Vocal Health Program)*
- ➔ *Programa Quero Parar de Fumar (Quit Smoking program)*
- ➔ *Programa Viver Com Saúde (Live Healthily Program)*
- ➔ Quick massage and reflexology room
- ➔ Workplace safety through internal consulting
- ➔ High Blood Pressure Prevention Week
- ➔ Flu vaccination



Learn more  
about:



Health and quality of life programs in the electronic version of this Report, link <http://www.itaui.com.br>, on Financial Information/Annual and Quaterly Report section.

### Women's health is the focus of a special program

Since women make up 55% of the work force, Banco Itaú structured a specific program, called Saúde da Mulher (Women's Health).

The program includes important initiatives, such as:

- ➔ Preventive exams for cervical cancer in the workplace (Itaúsa Business Center – CEIC / Technical Operational Center – CTO), for employees working in administrative centers and branches in São Paulo.
- ➔ Educational pamphlet on breast cancer, for employees and dependents.
- ➔ Courses for pregnant women and partners, for employees working in administrative centers and branches in São Paulo.
- ➔ Women's discussion groups on sexuality, reproductive health, and menopause, for employees at administrative centers and branches in São Paulo.
- ➔ Breastfeeding Room in administrative centers in São Paulo, to facilitate taking and storing milk and avoid premature weaning of babies of employees returning to work after maternity leave, for mothers working in administrative centers in São Paulo.
- ➔ Book on caring for babies, for all employees registering newly born dependents.

The objective is that the women in the Organization increasingly have their specific needs attended to and can therefore continue to play their essential role in the Bank's teams of employees.

## Health and well-being – Goals set for 2007 and results obtained

1. Programa de Ginástica Laboral (Workplace Fitness Program) introduced in branches in Porto Alegre, Curitiba, Goiânia, Belo Horizonte, Salvador, and Recife.

**Results:** goal accomplished. The program was introduced at 700 branches involving about 10,000 employees. In addition, the program was maintained in the branches covered in 2006 (in January 2006, the program was introduced at 5 BankBoston branches) and introduced in 59 Belo Horizonte branches, totaling 764 branches and 12,000 employees eligible, with 9,560 participants.

2. Programa de Saúde da Mulher (Women's Health Program) introduced at the main offices (CEIC and CTO) and centers with large concentrations of employees.

**Results:** goal accomplished.

3. Extending Programa de Educação Nutricional (Nutritional Education Program) through educational talks in another four states.

**Results:** goal accomplished. Talks given and educational material on eating distributed at the Momento Saúde (Time for Health) and Sipat (Accident Prevention) events in the cities of Rio de Janeiro, Belo Horizonte, Curitiba, and Recife.

4. Develop introductory brochures advising on eating for treatment and prevention of pathologies: diabetes, high blood pressure, dyslipidemia, osteoporosis, cancer, and pre-natal or breastfeeding conditions.

**Results:** goal accomplished. 1,000 brochures on the themes cancer, osteoporosis, diabetes, arterial hypertension, dyslipidemia, pre-natal / breastfeeding conditions and anti-smoking diet. Distribution was conducted with guidance by medical professionals from the clinics at our centers in São Paulo, Rio de Janeiro, Belo Horizonte, Curitiba and Goiânia, and offered to employees depending on the pathology presented.

### Workplace safety

Itaú Holding's formal agreements with unions and other employee representatives cover safety and health issues. To ensure compliance with safety standards at work and foster improvements in the corporate environment, the Organization has two instances, Internal Accident Prevention Commissions (local acronym CIPA) and the Specialized Service for Safety and Occupational Health Engineering (local acronym SESMT).

In all, there are 17 CIPAs at Itaú Holding operational units representing 34.33% of all the Organization's employees.

The attributions of CIPAs and SESMT include personal protection devices (EPI); safety and health

inspections, auditing and investigating accidents; ergonomics and legislation training; adaptations for workstations; holding the Internal Accident Prevention Week; training CIPAs and workplace safety representatives, and running prevention campaigns.

Employees are advised of risks in the workplace environment and instructed not to do anything that endangers their physical integrity. SESMT makes periodic visits to administrative buildings, branches, and points of banking services, to check compliance with standards and possible risk situations.

### Occupational health and safety indicators – Itaú Holding

	2005	2006	2007
<b>Injury indicator</b> – considering absence of more than 15 days for occupational sickness, including workplace accident cases. Formula: (total number of injuries / total hours worked) x 200.000	0.33	0.29	0.29
<b>Occupational illness indicator</b> – considering absence of over 15 days due to occupational illness, excluding workplace accidents. Formula: (total number of cases of occupational illness / total hours worked) x 200.000	0.26	0.20	0.23
<b>Days lost index</b> – considering absences of over 15 days due to occupational illness, including workplace accidents. Formula: (total number of days lost / total hours worked) x 200.000	134	127	147
<b>Absenteeism index</b> – considering absences of less than 15 days for medical reasons. Formula: (total number of days absent on the period / total days worked) x 100	0.76	0.81	0.83
<b>Accidents with time off</b> – considering absences of more than 15 days	360	395	399
<b>Accidents with no time off</b> – considering absences of less than 15 days	79	95	164
<b>Deaths</b>	0	2	0

Obs.:

1 – Indices for injuries, occupational illnesses, days lost, accidents with time off and deaths cover the cases of the following Itaú Group companies: Banco Fiat S.A., Banco Itaú Holding Financeira S.A., Banco Itaú S.A., Banco Itaucard S.A., Banco Itaúcred Financiamentos S.A., DTVM, FIC Promotora de Vendas Ltda., Fina Promoção e Serviços S.A., Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento, Fináustria Asses. Adm. e Serv. Créd., Icarros Ltda., Itaú Adm Consórcio, Itaú Corretora de Valores S.A., Itaú Leasing, Itaú Previdência e Seguros S.A., Itaú Seguros S.A., Itaú XI Seguros Corporativos S.A., Itaúseg Saúde S.A., Kinea, Orbitall Serviços e Processamento de Informações Comerciais S.A., Total Serviços Promoção e Negócios Ltda., and Trishop Promoção e Serviços Ltda.

2 – Absenteeism and accidents without time-off numbers refer to Banco Itaú S.A. cases

3 – Accidents with no time off: focus on early medical -occupational intervention to avoid resorting to social insurance (INSS), which may lead to a few days leave preventing aggravation of certain types of disease. Outbreaks of specific diseases, especially dengue and influenza affected the rise in the numbers. Despite a slight increase, the numbers are very low compared with other branches of economic activity.

The company continually monitors the absenteeism index, and it develops a number of measures to control it. The identification of the main causes of absences assists in these measures.

#### Other indicators

	2006	2007
Awareness campaigns.	36	11
Work and life equilibrium – initiatives.	4	3
Employees' participation in setting goals and performance indicators related to conditions of work, health and safety (through members of CIPA – 12 in Brazil). (*)	142	197
Programs and benefits offered employees and their families (health plan and dental plan, country club, vacation centers, cultural and sports activities, VG and APC insurance – Spouse).	9	10
Total clinics on company premises.	13	11
Total number of professionals working in clinics.	80	89
<b>Total beneficiaries. (*)</b>	<b>24,521</b>	<b>25,685</b>

(\*) 2006 data rectified.

Learn more  
about:



Absenteeism levels and control measures in the electronic version of this Report, [link](http://www.itauri.com.br) <http://www.itauri.com.br>, on Financial Information/Annual and Quaterly Report section.



### Work environment

#### Organizational climate

The quest for continuous improvement permeating all the Organization's processes and strategies is also strongly present in Organizational Climate Management, which seeks to identify, plan and implement practices meeting employees' needs in terms of workplace environment.

One of the tools used to diagnose the workplace environment is the **Speak Out** survey (see chart), which has been conducted every two years since 1997, and involves all employees.

In 2007, the adherence survey was used to evaluate the level of manager and leader alignment with the principles of **Modo Itaú de Fazer** (The Itaú Way). A total of 1,500 employees took part. The results were published individually, with the objective of providing feedback and contributing to new concepts for development and improvement.





### Internal climate survey guides managers' actions

Held every two years, the **Fale Francamente (Speak Out)** survey is a powerful instrument for relationships between the Organization and its employees.

This survey was used to learn more about employees' opinions, evaluate strengths and weaknesses of human resources practices and pinpoint the internal public's expectations. In the survey, the employee gives an opinion on all subjects using two focuses: the Company, "Satisfaction from the Business Angle," and Management, "Satisfaction from a Management Angle."

The surveys also assist managers by reporting the organizational climate in each area, which greatly contributes to design corporate practices and specific plans for each area of the Organization.

There were advances in the results of the 2007 **Fale Francamente (Speak Out)** survey compared with 2005. "Satisfaction from the Business Angle" rose from 67% to 69%, and the "Satisfaction from the Management Angle" rose from 67% to 71%. Employees' perception of the Bank in the theme "Socio-environmental Responsibility" was rated over 80%, showing a higher level of collaborator awareness and mobilization in this respect.

The response rate to the survey was 83% of questionnaires for Banco Itaú and 79% for the Bank plus associated companies.

After the survey, workshops were held to devise Action Plans in the different areas, with representatives designated by the executive areas. Workshops are divided in groups of managers, specialists and team members, and led by external consultants.

The purpose of the workshops is to suggest improvements for the executive area based on results and priorities set by the area, which will then be validated and implemented. By December 2007, 224 workshops had been held with up to 15 people participating in each of them.

For 2008, the goal is to support the executive areas in managing organizational climate, facilitating improvement and business sustainability.

### Communication and Relationship

#### Union Relations

Itaú has a structured plan for communication with union organizations and retiree associations to ensure fair treatment and good relations governed by dialogue, mutual respect, and transparency in working relations.

In all its operations, Itaú follows International Labor Organization Conventions 87 and 98 on principles and rights for union freedom, the right to union membership, union functioning free of intervention by authorities, and collective bargaining rights.

Guidance is provided for managers and employees on union, labor legislation and pensions and social insurance subjects, as well as those pertinent to collective bargaining agreements.

In 2007, Itaú Holding had 96 meetings and contacts with unions and retiree associations. There are 22,297 unionized employees and 780 local leaders, and 100% of employees of operations in Brazil, or 60,480 employees, are represented by union organizations.

The collective bargaining agreements do not stipulate a minimum period for notification concerning significant operational changes.

#### Internal communication

As part of the process of enriching relations with employees, good internal communication is fundamental. To establish a continuous flow of communication with employees, the Bank maintains several vehicles, both electronic and printed, the main ones being the specific corporate portals for each business segment, publications, and newsletters of different orientations and periodicity, and a call center for contacts with HR.

Itaú Notícias (Itaú News) is a monthly magazine for all employees carrying news and raising awareness of the Organization's business and initiatives.

Learn more  
about:



Itaú Holding's instruments for internal communication in the electronic version of this Report, [link](http://www.itaui.com.br) <http://www.itaui.com.br>, on Financial Information/Annual and Quaterly Report section.

## Ombudsman helps strengthen the organization's identity

In November 2007, Banco Itaú announced the gradual introduction of its ombudsman service with its own structure and independence to receive criticism, suggestions, and complaints from employees.

The service is based on a set of principles and conditions to encourage employee access to the ombudsman and improve their perception of values in practice and their alignment with the Bank's identity.

Complaints are weighed on a neutral, objective and confidential basis, and high priority is attached to progress and practical solutions.

A distinctive feature of Itaú Holding's ombudsman service is that it is not limited to just collecting and analyzing employees' complaints but will take a proactive stance in the sense of evaluating trends, consolidating data and proposing new ways forward, and adding value through statistical analyses of cases reported.

The service is being implemented gradually. Employees may access it by telephone, e-mail, fax, post box or personally. By the end of the first half of 2008, all Central Administration units will have access to the ombudsman. By the end of 2009, the service will be available throughout the organization.

To speed up the process of dissemination and access to the service, an interactive portal will be set up in 2008 containing advice and encouraging staff to share information and contact the service.

## Honors for 30 years work

A special event honors employees who have been working with Itaú Holding for 30 years, and the 11th event of this type took place in 2007. Employees from all over Brazil received a gold watch and Itaú Holding shares (except directors). In 2007, 449 employees were honored, and the event was held in São Paulo.

This initiative aims to show appreciation for employees' enduring dedication to the Organization and recognize their contribution of being with Itaú for 30 years.

## Society

### Corporate diversity program

The purpose of the Diversidade Corporativa (Corporate Diversity) Program is to value the differences among employees. As a baseline to measure diversity in the Organization, it obtains the percentages of people with disabilities, young people and apprentices, Afro-descendants, and persons aged over 50. Itaú Holding runs five specific programs to heighten their profiles:

- ➔ Inclusão de Pessoas com Deficiência (Inclusion for People with Disabilities) Program – in 2007, 804 persons with some type of disability were recruited, and they now total 2,191, or 3.56% of all staff.
- ➔ Jovem Cidadão (Young Citizen) Program – since it started in 2003, this program has prepared 1,532 young people for the job market.

- ➔ Aprendiz (Apprentice) Program – in 2007, 1,427 young people aged 14 – 24 were engaged for two year apprenticeships in the administrative centers and in the branches.
- ➔ Capacitação de Afrodescendentes (Afro-Descendants Training) Program – Aimed at black university students, conducted in partnership with the State University of Campinas (Unicamp), the Afro-Brazilian Sociocultural Development Society (Afrobras) and Zumbi dos Palmares School of Citizenship.

No internal or external cases of discrimination on the grounds of ethnic origin, color, gender, religion, ideology, nationality or social origin related to the Organization were identified by Itaú Holding in 2007.

#### Composition of groups responsible for corporate governance\*

Leadership positions	2006	2007	Variation %
Directors – Women <sup>(1)</sup>	11	14	27.2
Directors – Men <sup>(1)</sup>	259	269	3.8
*Leadership Positions – Women (Directors on Staff / Superintendents / Managers / Leaders / Supervisors) <sup>(2)</sup>	3,196	3,543	10.8
*Leadership Positions – Men (Directors on Staff / Superintendents / Managers / Leaders / Supervisors) <sup>(2)</sup>	4,893	5,493	12.2
Employees aged over 45			
Men	1,284	1,867	45.4
Women	544	862	58.4
Employees by ethnicity			
Asian	267	353	32.2
White	5,656	7,667	35.5
Indigenous	3	2	(50)
Black	26	37	42.3
Mulatto (Brown)	295	361	22.3
Not stated	1,840	616	298.7

(1) Statutory directors only (2) Directors included in leadership positions

Ratio of average salary between men and women,  
by job category

Category	2005	2006	2007
Senior management	98%	81%	82%
Middle management	83%	82%	83%
Production	96%	94%	91%
Trainees	101%	100%	100%
Administration	88%	88%	88%
Interns	130%	105%	102%

## Taíí recognizes value of its young professionals

Taíí's year in 2007 was marked by consolidation of the process of recruiting and training young people aged 18 – 25 to contribute to their inclusion in the formal job market.

Over 9,000 participations in technical and behavioral training courses helped them with their personnel and occupational development; in addition, 504 employees were transferred to Banco Itaú Holding, thus helping to build the organization's internal career structure.

The year was also marked by the implementation of Semente do Futuro (Seed of The Future) Project, which has the objective of recruiting, training and developing young people experiencing situations of social vulnerability. There are now 160 young apprentices employed at the Taíí stores.

Learn more  
about:



Relations with employees at our website  
[www.itaubr.com.br/socioambiental](http://www.itaubr.com.br/socioambiental)

## Life Phase 3

3ª Fase da Vida (Life Phase 3) Program: initiated in April 2005, with the intention of taking preventive action for employees in their pre-retirement phase (aged over 50) to ensure the third phase of their lives has quality of life and to foster awareness and behavioral change in their management of quality of life, helping them to plan their post-career future. The program involved some 170 employees from administrative centers (CEIC, CTO and CAT) in 2007. The aim for 2008 is to extend the program beyond the administrative centers.

Viver com Saúde (Healthy Living) Program: promotes and motivates self-care and reeducates for healthier lives. The program started in 2006 and has nationwide coverage with monthly activities tackling social, cultural, and educational themes, wellness, and prevention of diseases. In 2007, approximately 5,100 retirees and their dependents attended events with talks, seminars, and walks to motivate healthy habits, seeking better quality of life.

## Employability

As stipulated in its collective bargaining agreements, Itaú Holding offers retraining for professionals dismissed from the Organization without just cause. For some positions, professional relocation services are also offered.

Democratic access for all companies throughout Brazil and alignment with Itaú Holding's corporate responsibility values comprise the fundamental principles of Itaú's relations with its suppliers.

## Suppliers

Around **30,000** small, medium, and large suppliers provide services or products for Itaú Holding.

Itaú Holding believes it is fundamental to have transparent and productive relations with its suppliers – 30,000 small, medium, and large companies. As an institution committed to Brazil's development, some 99% of transactions with suppliers involve Brazilian companies, who are assessed on quality, competitiveness and social responsibility criteria. The selection policy for suppliers in the Bank's units in other countries varies depending on the local situation.

In its internal structure, Itaú Holding outsources services from specialized professionals such as lawyers, engineers and drivers, and has contractors providing its cleaning, construction, security, maintenance, and property management services.

There are 142 categories of products and services required by Itaú Holding operations, and a supplier company may be eligible to bid for ten of them at most.





Purchasing is centralized in order to guarantee consistent and solid relationships. An exclusive supplier relations site was set up in 2006 to reinforce and systematize dialogue with this public, showing purchasing and contracting policy, and reinforcing interaction with existing partners.

The use of the tool also helps broaden the base of suppliers authorized to bid in competitions, and offers equal opportunities for companies of different sizes located in different regions of Brazil.

With a more qualified database, Itaú Holding was better able to select suppliers with practices matching their policies, since the registration process presupposes agreement with Itaú Holding's Corporate Ethics Code and the alignment with the Organization's values and principles.

The new site is aligned with the adoption of AA1000 (see chapter "Dialogue and Mobilization"), which is an international ethics and social standard setting guideline for business transparency and accountability.

### Security staff is trained for appropriate relations with customers

Itaú Holding's surveillance and security teams are comprised of outsourced service providers. Under the terms of Federal Law 7.102/83 and Federal Police Department Order 387/06, professionals involved in this activity are given specific training offered by their employers, and also qualify by taking courses and refresher programs covering human rights and human relations issues in order to prepare them for contact with the public.

Some of the aspects approached from this angle are properly prioritizing service for people with disabilities, notions of personal security, applied legislation, the public safety system, criminology, fire prevention and fire fighting, first aid, personal defense, physical security for facilities, the surveillance concept, arms, ammunition and marksmanship.

In addition to training and refresher courses for guards, Banco Itaú has developed material offering guidance on their alignment with its security policy under the title "De Olho na Segurança e no Bom Atendimento" ("Keeping an Eye on Security and Good Service"). The basic introductory booklet and video offer advice on ensuring good service for customers and users without losing the security focus. The material covers subjects such as education, cordiality, respect, discrimination, and assisting people with disabilities.

# R\$ 5.7 billion

was the approximate amount of Itaú Holding's business with suppliers and service providers in 2007.

## Respect for ethical precepts and sustainable conduct

Being technically qualified is not the only factor that enables a company to become a supplier of Itaú Holding.

In addition to its monitoring current and potential suppliers in relation to compliance with employment and environmental legislation, Itaú Holding seeks to offer democratic access to new candidates by encouraging dialogue and exchange of lessons learned.

Close day-to-day relations with currently registered suppliers involve the sharing of experiences and also monitoring for any noncompliant behavior, such as child labor, forced or slave-type labor, disregard for employment or tax rules, or indulging in environmentally aggressive practices.

45

Learn more  
about:



Our supplier relations at the websites  
[www.itau.com.br/socioambiental](http://www.itau.com.br/socioambiental) and  
[www.itau.com.br/fornecedores](http://www.itau.com.br/fornecedores)

A graphic consisting of several concentric, rounded squares. The squares are light blue and have a thin border. They are arranged in a way that they appear to be nested, with the smallest square in the center and larger ones surrounding it. The word "Customers" is written in a dark blue, sans-serif font, positioned to the right of the squares, partially overlapping the middle ones.

Itaú's "Feito Para Você" ("Made for You") campaign reflects its concern to serve its customers efficiently, making products and services accessible for everybody, and ensuring transparency in its relationships.

Customers

Approximately **24 million** customers use products and services at Itaú Holding's units.

Accessibility, security, and conscientious use of products and services. In 2007, Itaú launched new programs – and enhanced existing initiatives – that boosted efficiency for its operations and strengthened transparent and constructive relationships with its customers of all kinds and profiles, whether individuals or small, medium or large businesses.



The year was marked by significant progress: the Corporate Ombudsman section founded in 2005 was restructured to become part of the strategic management of the Organization; and programs *Uso Consciente da Conta Corrente* (Conscientious Use of Your Account), *Mais Segurança* (More Security) and *Ouvir Você* (Hearing You) helped customers make better use of the Bank's products and services.

Response to consumer advocacy bodies was enhanced with a structured phone service to attend calls from Procons (consumer affairs bodies associated with state governments). The Organization is fostering and extending dissemination among its employees of the Consumer Code laws and rules in order to ensure more effective alignment between internal procedures and customer rights.

### Itaú cuts service fees and makes some services free

In 2007, the efficiency and productivity of its operations enabled Banco Itaú to break a paradigm by cutting its fees. The Bank went even further, and some services that had previously been charged for became free.

As of September, Itaú's personal customers paid less for maintenance of their current accounts. In an unprecedented initiative for the Brazilian financial market, the Bank reduced its MaxiConta package fee by up to 12%.

Charges were abolished for some other services such as clearing/cashing checks for small amounts, Itaufax, Itaú Bankfone – personal service, receipts for transactions over Bankfone, copies of current account statements from Bankline and money and check deposits.

The success of its experience with personal customers encouraged the Bank to adopt similar practices with its business and corporate customers.

In October, the maintenance fee for MaxiContas business account packages was cut by up to 7.94%. Charges were abolished for the following services: clearing/cashing checks for small amounts, money deposits at teller stations or ATMs, Itaufax, copies of current account statements via Itaú Bankline, Itaú Bankfone – personal service, receipts for transactions over Bankfone mailed to customers.



### Conscientious use of the bank: Booklets advise on responsible use of current account and credit

Since 2004, Banco Itaú has run an extensive program advising customers on conscientious use of credit. In September 2007, the Organization took another step in this direction by creating Uso Consciente da Conta Corrente (Conscientious Use of Account) Program – the first of such initiatives in the Brazilian banking sector – to help consumers use their accounts securely, responsibly and correctly.

A booklet distributed at branches and available for download from Banco Itaú's website provides access to the program, which includes information on the functionalities of accounts and the most appropriate packages of services, along with tips on how to save fees.

Uso Consciente do Crédito (Conscientious Use of Credit) Program was set up in 2004. The campaign continued in 2007 and is now bearing fruits: a higher level of customer knowledge and awareness of the different credit products offered by the institution, which enables consumers to balance the volume and form of lending sought from the Bank. There was even better perception of the advice and guidance provided by employees.

Factors such as these, although hard to measure, are seen as the most positive result of the awareness campaign, since they not only help reduce default but also cause less upset and discomfort for customers, who feel more secure and ready to select the credit product most suited to their needs. With the guidance offered by employees and informative material, the decision-making process became easy and clear for the customer.

To disseminate these tips and pieces of advice, the Bank distributed booklets and pamphlets for personal and business or corporate customers.

Banco Itaú's website features tips on the conscientious use of financing. Customers may access these tips freely and obtain advice on the type of credit most suited to their needs.

Banco Itaú has the objective of seeking business opportunities with its customers, providing more security when they decide which product better meets their needs and minimizing the risk of disappointment or problems arising from lack of guidance.

For society as a whole, there is an intangible gain due to the reduced risk of credit operations.

### Ouvidoria Corporativa Itaú (Itaú Corporate Ombudsman) assumes strategic role

Ouvidoria Corporativa Itaú (Itaú's Corporate Ombudsman) was introduced in 2005 as a channel for solutions and functioned as the final instance of appeal for customers' not satisfied with solutions to their complaints or requests offered by branches or support services. It aims to provide solutions for customers without their needing to resort to external channels. It does not take the place of other consumer relationship channels.

Before appealing to the Ombudsman, Itaú customers should try to obtain a solution through the traditional first-instance channels (Itaú branches and Specialized Call Centers) or second-instance channels (Itaú Bankfone – Customer Support and Talk to Us – Internet Customer Support).

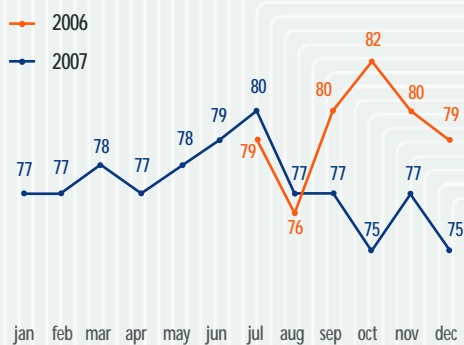
Central Bank Resolution 3477 published in 2007 made the Ombudsman compulsory throughout the banking industry, so Itaú's took on an even more strategic role as catalyst to improve processes, products and services. In this respect, the Bank's early Ombudsman experience in 2005 helped greatly, since this path had already been taken and experience acquired.

Since it was introduced, more than 14,000 cases have been examined by ombudsmen, who are divided by business unit and cover all the Organization's companies. This means that customers' issues are resolved more effectively, given each ombudsman's high level of technical experience and knowledge. The Bank's units have provided all the support needed, so the Ombudsman solves 77.25% of cases submitted and helps to ensure that any customer issues with the Bank are treated within the Organization's structures.

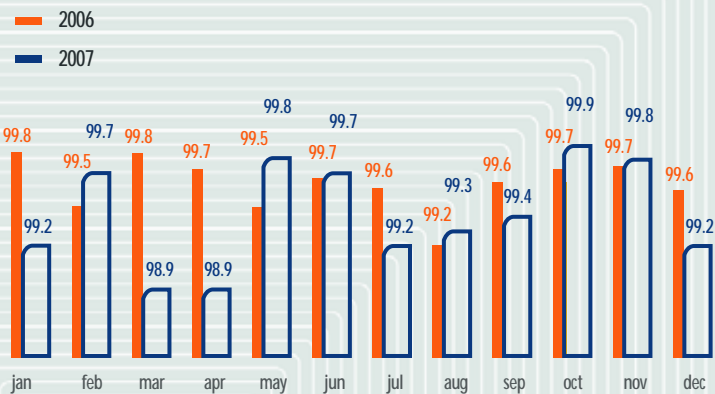
As recognition from the market, Banco Itaú was given the Banking Report Award, in the Best Bank Ombudsman 2007 category.

There are major challenges coming up in 2008. The Bank believes that the ombudsman's function transcends that of resolving a customer issue or complaint; in fact, it acts as a center for settling conflicts and retaining customers. The challenge posed here is to maintain and consolidate the procedure, with even more emphasis on recognition of the relationship and the quest for the best solutions for customers but also and particularly to attempt to disseminate these values across the rest of the Organization.

% complaints responded to as from July / 06 – Ombudsman Service



% of cases retained in ombudsman service



## Measures to expand accessibility make life easier for people with disabilities

In 2007, the Bank expanded its Programa Acessibilidade (Accessibility Program) for branches, ATMs, phone and internet service to provide integrated assistance for people with disabilities. The aim is to break down barriers to communication and usage, so that this public has freedom of expression and access without the need for any special help.

The Bank's branches took several measures to adapt facilities, such as installing access ramps for wheel chairs and special floors, windows and bathrooms, and employees attended trainings sessions to provide sensitive assistance and guidance for customers with

disabilities. The branches are practically 100% in compliance with legal requirements on this issue. The exceptions are less than 0.5% of the network and will be covered in 2008.

In self-service terms, all Bank branches already have ATMs that follow the precepts of a universal machine, ensuring autonomous and secure use for all irrespective of mobility or perception limitations. For the visually impaired, voiced instructions are available through an earphone connection, for withdrawals, printing statements, and payment or transfer transactions.



**100%**  
of Itaú branches have  
been adapted to facilitate  
access for disabled persons.

The phone service for people with hearing disability uses text messages sent and received through a special telephone receiver.

In 2007, the Bank renovated its Internet banking service (Itaú Bankline) with a new visual presentation, simplified navigation, and new characteristics to facilitate the routine user experience. The changes were the fruits of studies and suggestions made by employees and customers. Among the improvements, Itaú Bankline was adapted for access through a voice synthesizer installed in the customer's computer. Account data are captured and transformed to audible responses. The customers can listen to features from the Itaú Bankline screen as they navigate the system.

### Ouvir Você (Hearing You)

To offer the best solutions, products and services, and strive for customer satisfaction, the crucial aim is to establish a dialogue with them. Ouvir Você Program listens to customers in order to collect data to develop improvements, as a means of building an increasingly efficient bank.

Since the launch of the program in 2005, when a Banco Itaú television campaign once again encouraged customers to interact with the bank, customers are directed to express their questions, suggestions or complaints in the branches, which are the main service channels. Customers may also use Itaú Bankfone – Customer Support and Talk to Us. If the response from these channels is not satisfactory, customers may appeal to Ouvidoria Corporativa Itaú (Itaú Corporate Ombudsman). Ouvir Você Program has contributed to important improvements. Its most recent result is the renovated Itaú Bankline, in which many of the changes were prompted by customers' suggestions.



## Other improvements

Based on customers' opinions and requests made through the various relationship and support channels, other improvements were implemented, in particular the following:

- ➔ **Alterations to Itaú ATM screens:** new rules for maximum amount for withdrawals and for use of debit cards with chips. Some option buttons had the text altered to improve understanding of certain transactions and operations. More improvements are being examined and are likely to be implemented soon.
- ➔ **Checks printed by Electronic Dispenser:** the Electronic Check Dispenser now issues books with ten checks instead of the seven issued previously. The alteration enables customers to generate numbering for printed checks, thus facilitating their control of checks issued.
- ➔ **Itaú Incident Response System (SITO):** when an incident is reported, the system issues a "Report Lodged Letter" to document the report, which contains the Bank's response deadline.
- ➔ **Transaction Blocking:** allows customers to block investment transactions at an ATM if needed.
- ➔ **Fund Catalog:** Itaú Bankline now offers a summary of the main data on investment funds.
- ➔ **Teleblocking:** this service is available for cases of loss, robbery and other similar situations, and now has facilitated access with no need to dial the branch number, account details, and electronic password. Another new service is blocking credit cards.

### More security

The Bank invests in the latest self-service facilities and security technology to facilitate everyday needs and help customers avoid stress. Mais Segurança (More Security) Program is a pioneer experience in banking and guides consumers to protect themselves against frauds by using banking services correctly.

In addition to the distribution of pamphlets, the Bank's site carries information on safe practices in electronic media and a wide range of types of fraud.

All this advice and assistance has yielded good results. Banco Itaú has registered a decline in the number of frauds, which provides more security for customers and raises the level of confidence in the institution. Losses incurred by the Bank through improper use of electronic media have also been reduced.



Learn more  
about:



Differentiated socioenvironmental products offered for Banco Itaú customers in the electronic version of this Sustainability Report [link www.itaui.com.br/](http://www.itaui.com.br/), in Financial Information/Annual and Quaterly Report section.





## Customer support structures

Customer support structures were altered in 2007. Bankfone Customer Support and Talk to Us – Internet Support for Customers became part of the Service Coordination Department, which is responsible for improving quality of service. The aim of this modification was to reorganize support and service responses and focus even more on ombudsman services in light of Central Bank Resolution 3477.

### Bankfone Customer Support

This is a call-center service to solve customers' issues on initial contact by using carefully devised parameters for technical and conceptual quality. The center is also responsible for having any calls that require research or decision taking beyond call-center competence transferred to the department involved, and monitoring them through to closure.

### Talk to Us – Internet Support for Customers

Service channel activated by e-mail or online chat available at Banco Itaú's *website*. Talk to Us takes calls or messages from account holders and non-account holders, and advises and assists managers or branches as to the best way to respond.

A highlight in 2007 was the efficiency shown when responding to e-mails from customers. Practically 90% of claims or requests were answered within three business days. These achievements are directly linked to the increased synergy and interaction of the departments involved in the solutions and the implementation of integrated tools for opening occurrences, which generate automatic tracking for product and service managers through to full solution and response to customers.

### Itaú Responds

Itaú Responds is a group whose mission is interacting with consumer advocacy bodies and journalists specializing in this field. In the course of 2007, more than 10,000 opinions or messages were received, and customer requests were fulfilled in 45% of these cases.

Internal processes were enhanced to improve response to demand. A new telephone service was implemented gradually, beginning with Procons (consumer bodies) in Greater São Paulo, helping with preliminary service responses for consumers, explaining issues, answering complaints and servicing hearings or notifications.

At the same time, the Bank seeks to enlarge its partnership with Procons, with the objective of facilitating contacts with the Bank's business units, and offers a Guide to Services and Contacts

specifying numbers to be keyed to reach services by Grupo Itaú's segments, data for rating and recording issues, and service channels for customer advice.

A guide to financial marketplace products, services, and contacts is also part of the communication kit, with the objective of extending the Procons' knowledge of the internal structure of the companies in the conglomerate.

In 2007, Itaú Holding companies paid a total of around R\$ 1.4 million in fines for products and services. There were 19 irregularities related to procedures for renegotiating debt, statements, fees, current accounts, loans, payment of bills and service response; 104 occurrences related to insurance, pensions and premium bonds; 15 administrative processes involving credit card complaints; and a fine related to the credit department.



## Customer Satisfaction

### Central Bank Response Group

The Central Bank Response Group gained improved structure and its own, independent management. New operational tools were introduced to reformulate procedures and ensure agility for subjects intermediated by the Central Bank.

The year 2007 was marked by great involvement of the Bank's units in the search for improvements on issues customers raised with the Central Bank and improvements in the documentation processes and collection of evidence to submit in the replies to Central Bank questions.

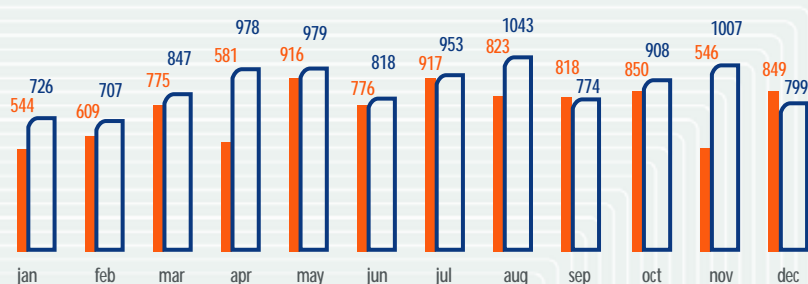
### Atendimento Estrela (Star Service) Program

The aim of the program is recognize individual and team initiatives that ensure good performance for service responses and lead to improvements that avoid recurrences of problems. In 2007, 3,892 cases were analyzed, 361 from Central Administration units and 3,531 from the branches.

A total of 2,612 employees were recognized for showing exceptional initiative in providing solutions to problems, 2,474 of them from branches and 138 from Central Administrative Offices. The quality of cases classed as "Atendimento Estrela" points up the high level of motivation and involvement of the teams – 67 branches were champions in service using the criteria stipulated, with honors for 134 commercial and operational managers. In all, 60 employees stood out and were given a travel prize with a companion of their choice, 49 of them were staff from branches (29 Standout Employees and 20 Standout Branch managers) and 11 from Central Administration.

Trend of consumer issues raised with Procon – Monthly Total

— 2006  
— 2007



### Routine monitoring

The use of metrics for customer satisfaction levels poses a major challenge. Satisfaction metrics permeate all results programs for the Bank's branches and its different business units. Indicators obtained from daily surveys conducted at ATMs and on Bankline provide a broad dimension of customer behavior.

### Satisfaction surveys

Some 70 surveys were conducted in 2007, and more than 1.3 million customers from the different segments of the Bank's business were able to give their opinion of the Organization.

Our corporate image surveys show that Banco Itaú is seen by both customers and society in general as a solid, modern, lucrative, and socially responsible institution.

### Product and services surveys

In addition to the survey of satisfaction levels in 2007, other surveys contacted a total of 20,000 customers to collect data to be used in the development and adaptation of products and services, and to understand customer needs.

### Targets set for 2007 and results for the year

**Target:** Integrate and consolidate service response for people with disabilities.

**Result:** Itaú adapted almost 100% of its branches to meet the requirements of Accessibility Legislation. In addition, our center of Services for the Hearing Impaired facilitates self-service and the direct communication with operators.

The Bank's employees were trained to provide uncomplicated service for persons with disabilities. Branch-level employees are also being trained to use Brazilian Sign Language (Libras) for this type of service.

**Target:** Increase the service capacity of channels to better meet demand.

**Results:** The higher standard of service response for Procons, the Central Bank and the consumer protection press led to improved quality of service and earned ISO 9001 recertification in relation to service provided for consumer bodies and regulatory organizations.

## Customer Service – results in 2007

- ➔ In 2007, the Bank was not mentioned in 7 monthly Central Bank reports of complaints (Ranking Bacen) for May, June, July, September, November and December.
- ➔ For the third consecutive year, the Bank was absent from the ranking of the 15 companies with most complaints being raised against them that is published by Procon São Paulo.
- ➔ The Bank was also absent from the ranking of National Register of Substantiated Complaints for the period September 2006 – August 2007 (published by the Consumer Protection Department attached to the Ministry of Justice).
- ➔ Banco Itaú earned its third ISO 9001/2000 recertification for relationship channels with customers, consumer protection bodies, and regulatory agencies such as Procon or the Central Bank, and the consumer advocacy press. Recognition was awarded for the contact procedures through the special response service for these entities and for the relationship channel known as Talk to Us – Internet Service using chat or e-mail. Certification was awarded after the auditing process conducted by Société Générale de Surveillance (SGS) concluded in May 2007.

## Targets for 2008

Restructure the ombudsman service to include its action in the Management of Improvements and Enhancements Project and aim for stronger alignment of the Bank with issues posed by the Consumer Protection Code.

Obtain more improvements in service conditions responding to customers, Central Bank and Procons, with each of the Bank's business units, in addition to implementation of reports that may be a strong support component for Itaú Holding's decisions.

Consolidate improvements in the service structure and partnership with Procons.



Learn more  
about:



Customer relations at our website  
[www.itaubr.com/socioambiental](http://www.itaubr.com/socioambiental)

## Evolution of the relationship with the press and opinion leaders based on conscientious use of information and Itaú Holding's corporate responsibility.

Press

A total of **641** journalists, chairs of associations and entities, and representatives of academic circles took part in meetings, chats, workshops, press conferences and conference calls held by Itaú Holding in 2007.

In recent years, Itaú Holding has matured and strengthened its relationships with journalists, academics, and representatives of associations and entities, in line with its premise of basing contacts with all its publics on the principles of ethics, transparency, and sustainable development.

To augment this process, workshops have been held on the financial market, and on Banco Itaú's products and services. The concept underpinning these initiatives is contributing to conscientious use of information. Precise information in the right amount is used as the basis for analyses and reports. At the same time, more use was made of tools such as chats and conference calls.

Another important relationship instrument is the Press Relations site, which carries information on the Organization and its operations, as well as receiving requests for interviews or additional data.

The repercussions of these initiatives and Itaú Holding's press exposure are continually monitored by external partners and presented through daily clippings and a quarterly image auditing report.

Our transparent relationship with the press and opinion leaders also plays a strategic role in crisis management for situations that may affect Itaú Holding's reputation and image. Quick and objective positioning is crucial in these situations.





## Main events in 2007

- Publication of ten studies of the credit card market, with themes such as third age, low income, tourism, and entertainment.
- Held six workshops for journalists and opinion leaders on themes such as Integral Education and Pensions for Young People.
- Initiated the "Sustainability on the Agenda" series with events on themes related to socioenvironmental responsibility. The first themes were Sustainability Indices and Microcredit.
- For the first time, a chat was organized for the foreign press. Itaú Holding commented on its results in Latin America for journalists from Chile, Argentina, and Uruguay.
- A workshop held for internal partners examined press and public relations initiatives.



## Transparency and corporate responsibility after attempted robbery in branch

In 2007, a case that drew the attention of the public and the media was the attempted robbery of a branch of Banco Itaú in the city of São Paulo, in which one person was seriously wounded.

The incident took place on February 28, when robbers invaded the Ibirapuera branch. Four people in the street were hit during the shooting. The most serious case was that of a 13 year-old girl at a bus stop. She underwent surgery and lost the movement of her legs because her spinal medulla was affected.

From the start of the episode, Banco Itaú's adopted a position of transparency and agility in relation to the press. Although not bearing any formal responsibility for this unfortunate event, the Bank offered assistance for the young girl, supported her medical treatment and financed adaptation of her home and school for her new situation in terms of mobility.

In addition, through Fundação Itaú Social, the Bank will provide a scholarship for a university course in the same conditions offered to children and young people who take part in the Foundation's initiatives.

The girl's family was informed of all the Bank's decisions in relation to the case in a transparent and direct manner through the social worker that followed the case from the beginning.

All the Organization's initiatives in relation to this case were voluntary and due to its caring approach, reflecting Itaú's values, and there was no legal onus for Banco Itaú to act in this way.

## Targets set in 2006 and results in 2007

**Target:** Deepen relationships through more workshops and chats, and their respective themes.

**Result:** Accomplished.

**Target:** Expand the system of relationships with opinion leaders.

**Result:** Accomplished through the deployment of the Strategic Relationships Management system.

**Targets:** Boost the Organization's ability to relate to the press through media training for executives, including new managers from BankBoston, Credicard and Orbitall.

Enhance monitoring of the Organization's reputation by deploying more new image auditing of Itaú Holding and its competitors.

**Results:** Both targets maintained for 2008.

## Targets for 2008

Boost the Organization's ability to relate to the press through media training for executives.

Enhance monitoring of the Organization's reputation by deploying more new image auditing of Itaú Holding and its competitors.

Build internal knowledge on aspects of the relationship with the press, holding workshops for internal partners on the press and public relations.

Make the Press Relations website more user-friendly and add more content.

Learn more  
about:



Press relations at our website  
[www.itaubr.com.br/imprensa](http://www.itaubr.com.br/imprensa)

Itaú Holding leverages its branch network and its employees' caring concern to develop citizenship initiatives in local communities, emphasizing programs for development of children and young people.

Community

Approximately **2,500** employees had registered with the Portal Itaú Voluntário (Itaú Voluntary Work Portal) by the end of 2007.

In order to assist sustainable development in Brazil and have a positive social impact on local communities, Itaú Holding has two important differentials: its network of branches reaching out all over Brazil and the caring concern shown by its 65,000 employees and 24 million customers.



In addition to everyday relations with local communities through the operations of the Itaú and Itaú BBA banks and the Itaú Holding financial companies, the Organization has four programs which aim to contribute to the development of children, adolescents, and young people in local communities.

The main programs focus on children, caring concern, volunteer work, and community involvement (their names in Portuguese are *Itaú Criança*, *Itaú Solidário*, *Itaú Voluntário* and *Comunidade, Presente!*). The concepts for these programs arose from Itaú Holding's premises in relation to its role as a citizen-company, namely:

- ➔ development of children and young people as the indispensable condition for the development of Brazil;
- ➔ each of us can help improve Brazil, even with small gestures.

### Itaú Criança mobilizes society

Set up in 2006 with the aim of mobilizing employees, customers and society with initiatives helping to ensure respect for the rights of children and adolescents, Itaú Criança focused on "the right to quality education" in 2007.

Aligned with the goals of the commitment "Everybody Working for Education" – a civil-society alliance with the participation of educators, private enterprise, social organizations and public-sector managers working to ensure the right of children and young people to quality education – the program opened the doors of the Itaú and Itaú Personnalité branches and the Taif stores throughout Brazil in order to mobilize society around the commitment to quality education.

In September, managers selected schools near their branches and stores and delivered pamphlets to pupils' parents with important tips on their being involved in their children's education.

Another initiative in the program consisted of having a book in each branch, in which customers and users could sign a Commitment to Quality Education. A total of 86,298 commitments were signed by customers.

The branches also collected donations of books from the community, customers, and employees totaling 41,309 publications at the end of the year. The Bank and its partners – including the publishers Paulus, Abril, Ática, Scipione, and Metrolog Logística – contributed to the acquisition and distribution of kits containing a hundred educational books to supplement libraries in public schools near the branches and stores. The publishers donated a total of 141,000 books, while Fundação Itaú Social collaborated with the acquisition of about 100,000. In all, 2,178 schools were reached by the program.

To supplement these efforts, customers were encouraged to have some of their income tax allocated to municipal funds run by councils for protecting the rights of children and adolescents (under a government program known as *Fumcad*).

A total of **41,309** books were donated by the community at Itaú Holding branches in 2007, as a result of the Itaú Criança (Itaú Children) Program.



## Employees participate in voluntary work

Due to employees' interest in being involved in social programs, the Itaú Voluntário (Itaú Voluntary Work) Program was set up as an initiative of Fundação Itaú Social and Banco Itaú, with technical coordination provided by the São Paulo Voluntary Work Center. The work of managing the program is shared with the Comitê Itaú de Apoio ao Voluntariado (Itaú Voluntary Work Support Committee), which consists of employees from different units and hierarchical levels of the Bank.

After its inception in 2003, the program gradually extended to the administrative units and in 2005 started to expand to the branches. A further forty municipalities were added to its coverage in 2007, making a total coverage of 157. Over 5,000 employees are taking part in the initiative. Last year, participation in the program was extended to retired employees of the Bank on a trial basis.

By registering with Itaú Voluntário, employees and their families can act to support programs run by Fundação Itaú Social (Itaú Social Foundation) and its partners, and are given guidance and tips on how to set up team projects and become involved in a social organization of their choice.

To encourage involvement in voluntary work, sensitize the internal public, and recognize initiatives carried out by employees, there are periodic talks, events for social integration and exchange of experiences, and internal communication campaigns. The work has also developed printed and electronic material, including alternative communication tools such as a video reporting on the work of several volunteers, which was distributed to all Banco Itaú managers. Another important means of publicizing and fostering voluntary work is the Bank's Voluntary Work Portal (see table).

Due to the success and augmented reach of the program, the "Fale Francamente" ("Speak Out") survey – held every two years for all employees – featured an item "encouragement of employees' participation in social action" that has been rising to much higher levels: 46% in 2003, 70% in 2005 and 82% in 2007.

### Employees have personalized access to Portal Itaú Voluntário (Itaú's Voluntary Work Portal)

Portal Itaú Voluntário was designed in partnership with Portal Voluntário/Comunitas. Content is updated every day, including a calendar of events, news, interviews with the Organization's volunteers, news features, and special reports. It also fosters integration and exchanges of experiences between employees all over Brazil. Each user has a personal page on the site and can build a network of relationships to share projects, opportunities for voluntary work, reports, tips, ideas, events, and invitations for initiatives with other colleagues.

In 2007, in order to encourage participation in the Portal Itaú Voluntário and integration among registered volunteers, the Reports Competition was introduced to mobilize employees and help them share their experiences. Winning reports were selected by a technical committee, a judging commission, and popular vote through the website – they were then recognized at International Volunteer's Day (December 5) events.

The Portal has about 2,500 registered users, with an average of 43,000 accesses each month. In 2007, the volunteers themselves registered over 460 projects and social organizations; some 140 personal reports were shared on the site; and more than 268 voluntary work opportunities were posted by participants during the year, totaling 461 opportunities included in the site.

### Itaú Solidário (Caring Concern) facilitating employees' contributions

Legislation allows Brazilians to allocate donations from their income tax to social projects improving quality of life for children and adolescents in Brazil, and that is the objective of Itaú Solidário program, which was in its third edition in 2007, with a presence in 31 municipalities around Brazil.

As an initiative of Fundação Itaú Social (Itaú Social Foundation) and Banco Itaú, the program was created to encourage employees to allocate up to 6% of their income tax to projects registered with a local Municipal Council of Children's and Adolescents' Rights (local acronym CMDCA).

Each of the municipalities participating has a committee of volunteers, who are given training to analyze, select and monitor social projects. After indicating projects in each municipality, all the Bank's employees can make their donations / tax allocations. The use of these funds by social organizations is monitored by the voluntary employees.

In 2007, 240 employees participated in Itaú Caring Concern committees, whose members are qualified to select projects to receive donations, and monitored use of the funds thus invested. Over the year, 4,000 employees donated a total of R\$ 430,000 to 35 different projects.



**31** municipalities and **35** social projects benefited through the Itaú Solidário (Caring Concern) Program in 2007.



### Comunidade Presente! (Community is Here!)

Seeing employees becoming more interested in social projects, Fundação Itaú Social created an important initiative in the form of a project called Comunidade, Presente! The program looks to the branches with the objective of helping their employees adopt a structured process for response, appraisal, and processing of requests for support that are submitted by social projects and are often sent to the branches by companies or entities representing local communities.

As a basic premise, projects must be aligned with the Organization's Values and Principles and with the guidelines of Fundação Itaú Social, and must prioritize a focus on:

- ➔ Public education: training educators (NGOs and public schools), school supplementary programs for children and adolescents aged 6 – 18 (such as sports, music or learning reinforcement), digital inclusion and preparing young people for the labor market;
- ➔ Public Health: expansion and modernization of hospitals and surgical centers, and acquisition of equipment.

Learn more  
about:



Relations with the community and projects supported by Itaú Holding on our website [www.itaubr.com.br/socioambiental](http://www.itaubr.com.br/socioambiental)

# Social and Cultural Investments



## Itaú Holding collaborates towards sustainable development through Fundação Itaú Social, Instituto Itaú Cultural, and support for other social and cultural initiatives all over Brazil.

Itaú Holding invested **R\$ 183.1 million** in social and cultural projects in 2007.

In addition to enhancing management of its own operations, in order to make them ever more positive from the social, environmental, and economic points of view, Itaú Holding adds to its social and cultural investments year by year, mostly through Fundação Itaú Social and Instituto Itaú Cultural.

The work of both institutions is strongly associated with the Organization's principles and values; nevertheless they have their own administration and autonomy to set priorities in accordance with their administrative and governance structures.

In 2007, Fundação Itaú Social strengthened its focus on education as an instrument of social transformation and development. Itaú Cultural, in its 20th year of activity, reinforced its work of fostering Brazilian art while seeking references in Latin-American culture too.

Its focus on education, participation in public policies, articulation of strategic partnerships and the creation of instruments for project management set the tone of the activities of Fundação Itaú Social in 2007.

## Fundação Itaú Social (Itaú Social Foundation)

Fundação Itaú Social invested **R\$ 35.6 million** in 2007, through **25** projects of its own and **165** that it supported.

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Itaú Holding's social initiatives and investments are coordinated by its Fundação Itaú Social, which has been active since 2001. Its priority focus is education, although the Foundation continues to invest in health care projects too.

The decision to prioritize education arises from a belief in its power to transform society. After all, it is through education that a society and a country can continually develop, plant the seeds of knowledge, encourage people to dream and supply the foundations for personal growth.

This all begins with work in the communities where people live, grow and develop. There are people in vulnerable situations, and it is in their communities that support is nearest at hand, although many

large-scale projects may also make great contributions. So that is why Banco Itaú's branches are increasingly involved with social action in their local communities.

Fundação Itaú Social believes that social investment is not just a matter of donations or compensatory policies. Social investment means being together with people; helping them grow; learning and improving continually; creating opportunities for future generations.

Some projects are supported by Fundação Itaú Social as a financing entity, but there are certain initiatives to which the Foundation allocates funds and also participates in their management.



## Governance structure – Fundação Itaú Social

### Fundação Itaú Social's formal structure:

- ➔ The Board of Curators Council defines the main outlines for the Foundation's focus and activity, determines structure, and delimits the composition of the assets.
- ➔ The Executive Commission, chaired by Roberto Setubal, president of Banco Itaú S.A., meets twice a year and is the connection between the Foundation and the Bank, settings directions, aligning strategies and validating budgets.
- ➔ The Management Body consists of a president, two vice-presidents and four directors, and adjunct directors, who administer the Foundation's everyday affairs.
- ➔ The Programs and Sponsorship Committee meets monthly, evaluates and defines support based on suggestions from branches for companies or social entities that have requested support for their social projects.



### Priority action strategies – Fundação Itaú Social

- ➔ Intensive work with public policies or initiatives, encouraging multi-sector action.
- ➔ Execute projects jointly with the public power and other partners.
- ➔ Emphasize the importance of the process of project evaluation and management.
- ➔ Systematize and socialize the knowledge thus produced.
- ➔ Encourage branches to build closer relations with local communities.

Escrevendo o Futuro (Writing the Future), which in 2008 will become the Brazilian Portuguese Language Olympics – Writing the Future, focuses on improving the teaching of reading and writing. Melhoria da Educação no Município (Improvement of Education in the Municipality) helps strengthen management teams at educational institutions in Brazilian municipalities that report low human development indices. The Itaú-Unicef Award lends visibility to civil-society initiatives. These projects have the power to stimulate people to participate, integrate existing public policies in education, healthcare and social and cultural assistance, and to contribute to the construction of new collective guidelines – while always noting local particularities and needs.

The Brazilian Portuguese Language Olympics – Writing the Future is an example in this respect. In 2008, Brazilian students will participate in the initiative that arose from a partnership between the Ministry of Education (MEC), Fundação Itaú Social, and the Center for Research in Education, Culture and Community Action (Cenpec).

The Olympics will use the Escrevendo o Futuro methodology as an ongoing program encouraging students' competencies for reading and producing texts by training their teachers. Teachers will be attending activities that will contribute to the process of reformulating practices of teaching reading and writing at public schools.

### Undertake intensive work with public policies or initiatives, and encourage multi-sector action.

Education is in the interest of society as a whole. Therefore, it is not enough to involve just schools, teachers, pupils and their families. It is essential to work for commitment from the public powers and civil society leaderships in each municipality.

This means we can work with a larger universe of people, with the support of instruments and practices providing quality for the socioeducative process.



### Program creates database to support municipal management

The Melhoria da Educação do Município (Improve Municipal Education) Program works to upgrade basic education by strengthening municipal school management capabilities. In 2007 the program began to offer a new tool to facilitate and enhance administrators' diagnosis and vision of the social situation in their municipalities. This database is called Brasil Hoje (Brazil Today) and holds data on 25 social and education indicators for all Brazil's municipalities (including population, living standards, infrastructure, health care, education and finance). Data are taken from Brazil's Statistics Institute (IBGE), the Educational Research Institute (INEP), the United Nations Development Program, UNICEF, the Integrated Financial Management System (Siaf), and MDS/Ipea.

Brasil Hoje is distributed on CDs and enables administrators to make comparisons with other locations and monitor the progress of their own municipalities. Its wealth of information is updated annually, which makes it a very valuable instrument for municipal administration, since numbers can be cross-checked and compared with other municipalities. Therefore it is a very useful tool to evaluate and support the planning and decision taking process.

A campaign to publicize the CD took place in 2007, with two workshops being held and a presentation of the tool for representatives of the Melhoria da Educação no Município Program from Minas Gerais, Piauí, Goiás, and São Paulo. It was also brought to the notice of forums, conferences, and university programs.

The Brasil Hoje CD is expected to have an innovative impact on the work of municipal administrators by focusing on a transformational approach and articulating local potential to work for education. Technical consistency, engagement of the community and the quest for results will sustain the innovative power of the initiative. By being better prepared for their role, administrators take stock of situations and devise more effective action plans.



## Emphasis on the importance of the process of project evaluation and management

Fundação Itaú Social (Itaú Social Foundation) sees evaluation and administration as the best way of channeling social effort and investment in Brazil.

Evaluation is an essential stage when selecting projects to be implemented. Having chosen the projects, diligent management and careful monitoring is fundamental.

For this work, the foundation runs the program Avaliação Econômica de Projetos Sociais. Developed by Fundação Itaú Social in partnership with the Bank's Credit and Economics Consulting Services, the program basically helps enhance social action by evaluating projects in terms of their impacts and by calculating the economic return expected from them.

In 2007, this methodology was passed on to 55 representatives of NGOs, institutes, entities and foundations, business and public powers through courses – titled Avaliação Econômica de Projetos Sociais (Economic Evaluation of Social Projects) – in the cities of São Paulo and Belo Horizonte.

October saw the 4th International Seminar – “Economic Evaluation of Social Projects” held in Rio de Janeiro. The event presented and promoted debates on evaluating decisive aspects of school performance and social projects related to education. Again in 2007, the Foundation produced its *Electronic Guide to Economic Evaluation of Social Projects*, which uses plain language to explain the basics of economic evaluation and support dissemination of the methodology.

During the year, evaluations of the impact made by the Melhoria da Educação no Município (Improve Municipal Education) and TV Futura projects were also conducted, with structured evaluations for two other projects – Escrevendo o Futuro (Writing the Future), and Escola Integrada (Integrated School) in Belo Horizonte.

One very relevant aspect of the evaluation process is deciding on key indicators. Oftentimes, the indicators resulting from a certain process may be used as a base or reference for any company, business organization, foundation, or social entity to establish their own indicators. The process triggers much discussion, reflection and sharing of knowledge.

**55** representatives of NGOs and other civil entities took part in courses developing the methodology of Avaliação Econômica de Projetos Sociais (Economic Evaluation of Social Projects).

## Reinforce strategic partnership with business units and support

To ensure feasibility for its programs and projects, Fundação Itaú Social relies on technical support from several Itaú Holding units, such as Systems, Legal, Products, Marketing, Press Relations, Socioenvironmental Responsibility, Human Resources, Economic Evaluation, Internal and Institutional Communication, and Economic Control. Each unit involved, depending on its particular expertise, has a contribution to make in order ensure the success of initiatives.

In addition, the network of branches and stores has an important role to play in disseminating Fundação Itaú Social programs.

## Encouraging close relations between branches and their local communities

Itaú Holding's 4,000 points of sale and services covering several regions of Brazil generate employment and income, and its branches and stores help build closer relations between the Organization and local communities.

Employees are trained to receive requests to support local projects, evaluate, and forward them. Their work ensures the systematic nature of Itaú's social investment, which is materialized in support for beneficent entities and development of its own programs focusing on development for children, adolescents and young people.

## Projects and programs developed by Fundação Itaú Social (Itaú Social Foundation)

### Itaú-Unicef award

This award made by the Fundação Itaú Social and UNICEF (United Nations Children's Fund) has taken place every two years since 1995, with the objective of heightening the visibility of the initiatives of civil society, recognizing and encouraging nonprofit organizations that articulate with the public school system and work to ensure integral education of children and adolescents living in vulnerable situations. In the year after the award, educational and monitoring initiatives are developed for the winning organizations.

### Programa Escrevendo o Futuro (Writing the Future Program)

Created in 2002 to help improve the quality of teaching writing to students in the 4th and 5th grades of elementary education, the program is coordinated by Center of Studies and Researches in Education, Culture and Community Action (CENPEC), and works in partnership with the National Union of Municipal Education Managers (Undime) and TV Futura. It is supported by the National Council of State Secretaries of Education (CONSED) and the Ministry of Education (MEC).

### Programa Melhoria da Educação no Município (Improve Municipal Education Program)

An initiative of the Fundação Itaú Social and UNICEF, in partnership with Undime and with technical coordination by CENPEC, this program supports Brazilian municipalities in planning, implementing and evaluating educational action plans seeking to ensure all children and young people in those municipalities have access to quality education.

### Projeto Tecendo Redes para Educação Integral (Building Networks for Integral Education Project)

The project ensures continuity for Gestores da Aprendizagem (Learning Managers), a project executed from 2001-2006, which was reformulated in 2007. It fosters training and networking contacts for professionals from municipalities and NGOs that develop integral education for children and adolescents, strengthening the work of these organizations and qualifying their professionals to formulate and implement collective learning projects.

### Urban Youth Program

Created to expand the sociocultural repertoire of young people aged 16 – 21 in vulnerable situations in metropolitan regions, the program offers training through partnerships with NGOs

### Programa Avaliação Econômica de Projetos Sociais (Economic Evaluation of Social Projects Program)

Developed by the Fundação Itaú Social, in partnership with Banco Itaú's Credit and Economic Consulting Services, the program works to enhance social actions by investing to evaluate impact and calculate economic return.

## Initiatives in 2007

- 1,574 projects serving 780,406 children and adolescents
- Main fields of work of the NGOs executing them: social assistance and development (37.8%), education and/or research (21.4%), culture and art (16.9%). Most of these organizations (70.8%) are still concentrated in the major metropolitan regions and cities.
- The selection of winning projects included evaluations of sustainability indicators for the organizations and opportunities for development offered to children and adolescents.
- Investment: R\$ 7.9 million
- 405 teachers, technicians and coordinators of municipal education departments participated in training workshops
- 119 groups and 3,300 teachers took part in online courses
- Distribution to teachers of the 5th, 6th and 7th editions of a publication (*Na Ponta do Lápis*) on theoretical concepts underpinning the teaching of language and aiding reflection on the teaching of writing.
- Investment: R\$ 2.3 million
- Implemented in 84 municipalities in Goiás, Minas Gerais, Piauí and São Paulo
- Direct beneficiaries: 284 education managers
- Investment: 1.6 million
- The program is being executed, with implementation beginning in Santos (SP), involving analysis of socioeconomic and education data for the municipality, considering potentialities for implementing integral education and definition of territories for development of the project.
- Investment: R\$ 300,000
- Direct beneficiaries: 960 young people in the city of Rio de Janeiro (1st group) and São Paulo (3rd group)
- 19 projects developed and implemented by young people in the city of Rio de Janeiro.
- Investment: 3.3 million
- 55 representatives from NGOs, institutes / business foundations and the public power attended courses held in São Paulo and Belo Horizonte
- About 150 people took part in the 4th International Seminar on Economic Evaluation of Social Projects in Rio de Janeiro, which debated evaluations of school performance and social projects focusing on education.
- Distribution of the Electronic Guide to Economic Evaluation of Social Projects
- Evaluations of Melhoria da Educação no Município (Improve Municipal Education), TV Futura and Escola Integrada (Integrated School) projects were conducted in Belo Horizonte (MG).
- Investment: R\$ 551,000.

## Main projects supported by Fundação Itaú Social in 2007

Among the 165 projects supported in 2007, the Foundation contributed to the modernization and restructuring of Santa Casa and other hospital units, maintained its sponsorship of the activities of the Associação Cidade Escola Aprendiz (City School Learner Association) and continued strategic partnerships with Institute Akatu, TV Futura, and Alfabetização Solidária (Caring Concern Literacy) Program.

In relation to digital inclusion, Fundação Itaú Social donated more than 400 pieces of IT equipment in 2007, including microcomputers, notebooks, servers and printers, with a total investment of R\$ 570,000 to set up or expand computer facilities or IT laboratories in public school systems, social organizations and vocational courses, and equip IT services in hospitals and health organizations.

## Fundação ItaúBank (ItaúBank Foundation) Projects

A number of projects formerly run by Fundação ItaúBank (previously BankBoston Foundation), whose activities were wound up in 2007, were merged with Fundação Itaú Social initiatives.

### Highlights among them:

- ➔ Bank at School: initiative focusing on education, organized by an alliance between major financial institutions, the Ministry of Education and UNICEF (United Nations Children's Fund). Its aim is to help improve the management of education in the public school system. As part of this process, Fundação Itaú Social uses its knowledge and experience of budgeting and project management to help qualify the school community, including school counselors, students, student organizations, parents and educators, preparing them to monitor and participate in the management of funds allocated to education.
- ➔ Participation in the National Forum for Child Labor Prevention and Elimination: Fundação Itaú Social continued to take part in this important forum. This non-governmental initiative aims to articulate, mobilize and sensitize Brazilian society to prevent and abolish exploitation of child and adolescent labor. The objective is increasingly to foster more debate on the issue and raise the level of discussion so that the public powers take steps against child labor.



### Goals set for 2007 and results in the year

**Goal:** continue programs developed in 2007, estimated investments of about R\$ 35 million.

**Result:** accomplished. Fundação Itaú Social invested R\$ 35.6 million.

**Goal:** implementation of NGO Management Indicators and socioeducative initiatives developed in the process of selection for the 2007 Itaú-UNICEF Award.

**Result:** accomplished.

**Goal:** obtain 2,000 entries from civil-society organizations for the 2007 Itaú-UNICEF Award.

**Result:** 1,574 projects were submitted for the seventh Itaú-UNICEF Award.

**Goal:** systematize methodology of work with young people developed in the Jovens Urbanos (Urban Youth) Program and produce material to disseminate the program.

**Result:** systemization began with registration of the actions and production of documents that will compose material for dissemination.

**Goal:** disseminate the methodology for economic evaluation of social projects by distributing the Electronic Guide to Economic Evaluation of Social Projects, which was first issued in 2006.

**Result:** accomplished.

**Goal:** invest to strengthen the management competence of third-sector entities.

**Result:** accomplished through partnership with Hartmann Regueira Institute and the course on Administrative Development for Third-Sector Organizations in Belo Horizonte (MG).

**Goal:** have Itaú branches build closer relations with their local communities through community mobilization and social investment.

**Result:** accomplished. Comunidade, Presente! (Community is Here!) Program was implemented in 2007, which facilitated more contact between teams at Itaú branches and social organizations in nearby communities.

**Goal:** gradually introduce evaluations of impact for all programs of Fundação Itaú Social.

**Result:** accomplished.

**Goal:** Produce CD-ROM and DVD to disseminate the principles, methodology and results of Melhoria da Educação no Município Program.

**Result:** partly accomplished

Learn more  
about:



Fundação Itaú Social projects and programs in the electronic version of this Sustainability Report at the [link www.itaui.com.br](http://link.www.itaui.com.br), on Financial Information/Annual and Quaterly Report section.

The work of Fundação Itaú Social at the [website www.fundacaoitausocial.org.br](http://website.www.fundacaoitausocial.org.br)

### Goals for 2008

1. Further disseminate the economic evaluation culture for social projects through more courses, seminars, and distribution of the Electronic Guide to Economic Evaluation of Social Projects, and use of the Internet as means of publication of works developed on the theme.
2. Invest to strengthen administrative competence of third-sector entities through a monitoring system for the organizations winning the Itaú-UNICEF Award in 2007.
3. Hold nationwide debate on integral education for children and adolescents, with articulation across government bodies and civil society to effectively implement measures.
4. Hold regional seminars for debate and more in-depth coverage of indicators of socioeducative actions and sustainability management.
5. Hold the Brazilian Portuguese Language Olympics in partnership with MEC, broadening participation for students and teachers of 4th, 5th, 7th, and 8th grades of elementary education and 2nd and 3rd years of secondary education.
6. Systematize the experiences and lessons learned from past editions of the Jovens Urbanos (Urban Youth) Program, generating material to disseminate this proposal for social intervention with young people from the peripheries of major urban centers.
7. Hold meetings and workshops for training and dissemination of the municipal management tool containing social and educational indicators for Brazilian municipalities.

Recognition of cultural production, generation of knowledge, stimulus of debate and extended access to culture were the guidelines for the actions of Itaú Cultural Institute.

## Instituto Itaú Cultural (Itaú Cultural Institute)

**R\$ 35 million** were invested in projects and cultural

initiatives through Instituto Itaú Cultural in 2007.

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Along with education, culture is another key pillar for sustainable development in Brazil. As a source for generating energy and development, culture goes together with education. Therefore, Itaú Holding pays special attention to organizing its investments and cultural initiatives, guided and coordinated by Instituto Itaú Cultural, which in 2007 celebrated its 20th anniversary.

For these two decades, Instituto Itaú Cultural has become a reference institution for reflection, articulation, and diffusion of Brazilian art and culture. The institution acts in different fields of self-expression and research and develops continuous integrated projects to recognize artistic production

and broaden access to culture, contributing to the development of people's formation and critical thought.

Among the different aspects of the institution's work (see table), one highlight was the Rumos Itaú Cultural (Itaú Cultural Directions) Program, set up in 1997 to support, map and disseminate projects from all over Brazil. In 2007, nine announcements calling for entries were circulated through the program. The tenders announced in the year – in the cultural journalism, literature, music, and cultural administration research – received 3,273 applications. At the end of the evaluation process, the projects selected numbered 26 for cultural journalism, from 15 states; 16 for literature, from 8 states; 58 for music, from 19 states; and 10 cultural administration research projects, from 3 states.





**20 years** of providing incentives for culture and the arts in Brazil – this was the achievement of Instituto Itaú Cultural in 2007.

### Aspects of the work of Instituto Cultural Itaú

- ➔ Developing and organizing processes and knowledge generation for Brazilian arts
- ➔ Comprehension of cultural practices and broadened access to culture based on them
- ➔ Fostering social participation
- ➔ Encouraging art and technology research and production
- ➔ Encouraging new talents through the nationwide Rumos Itaú Cultural Program on a long-term basis
- ➔ Virtual and remote activity through the website; diffusion, research and reflection for art and culture in Brazil.

In 2007, Instituto Itaú Cultural fostered more in-depth dialogue between the institution and the Latin American cultural scene. It organized 219 cultural events – practically one every other day – covering all the states in Brazil, another three in Latin-American capitals (Buenos Aires, Montevideo and Lima), with unrestricted access for the public in general and the specialized public – educators, researchers, art critics and curators, artists, journalists, writers and representatives of the third sector.

Events at the institute's base in São Paulo reached a public of more than 279,000 people. Of the R\$ 35 million invested in events, R\$ 28.5 million were raised through tax incentives under the Rouanet Law.

In June, the ISO 9001 certification process for the Development of Communication for Instituto Itaú Cultural's Events was concluded. The institute earned its ISO 9001, version 2000 certification from SGS.

Initiated one year before that, with the creation of a special committee, the certification process relied on the commitment of the communication unit (composition, proofreading, design, graphic production and distribution) and administrative areas (purchasing, legal, financial), as well as Compliance, to show the specialized auditors each stage of their work, with their methodologies and procedures. Certification proves the excellence of the practices adopted by the institution.



## Free events reinforce the institute's democratic character

Itaú Cultural focuses on developing actions and processes that generate knowledge of Brazilian cultural diversity and stimulate debate on cultural issues in the national scenario. The institute also seeks to help create conditions for broadening and democratizing access to culture, and encouraging new talents.

The outreach attained by its actions is mainly based on one differential: all its programs and services are free – which includes access to cultural activities, teacher training, transport provided for public schools to visit exhibitions and distribution of materials in several formats.

The Institute places great value on training for specialized professionals and collaborates in research on the relations between art and technology, making intensive use of technological resources to broaden access of the public to cultural assets. Along with this, it develops educational programs to ratify the social impact of its actions.

Moreover, Itaú Cultural differs from other cultural institutions in Brazil in its pioneering approach and use of corporate governance practices, which may be divided in three main structures: Executive Committees; Management of Conduct and Conflicts of Interest; and Compliance. With the support of these committees and the specific subcommissions, an annual action plan is drafted, approved with the Ministry of Culture, and then executed.

## Corporate governance – Instituto Itaú Cultural

Aligned with the values and principles of Itaú Holding, Instituto Itaú Cultural has its own corporate governance structure, whose main instances are:

- ➔ Executive Committees
- ➔ Management of Conduct and Conflicts of Interests
- ➔ Compliance

The Executive Committees decide on the following subjects: evaluation and monitoring of operational risks; data security management; human resources policy management; financial management; management of internal communication strategies, and management of moral /ethical issues.

### Executive Committees

- ➔ Risk Control Committee
- ➔ Budget Management Committee
- ➔ Ethics Management Committee
- ➔ HR Committee
- ➔ Data Security Committee
- ➔ Industry Committee on Risk and Compliance.

In addition to these instances, the Institute has committees for the discussion and implementation of actions related to products, philosophical conception of its actions, indicators, and programming.

## Sustainability has always been on the agenda

When Instituto Itaú Cultural was founded, one of its first major initiatives was to organize and maintain an extensive database, even though at that time use of the Internet had not reached the scale it has today. Therefore, over time, the Institute has consolidated its position on the national scenario, with increasingly faster paced cultural production and insertion of discussions in Brazilian cultural circles, with a strong emphasis on sustainability.

The institution's sustainability is expressed in the enduring nature of its actions, which comprise continuous integrated processes. Through its actions, it promotes articulation between professionals all over Brazil, and fosters and disseminates cases of artistic expression that have yet to be recognized. Its activity is at all times focused on a contemporary approach, prompting Instituto Itaú Cultural to work in fields representing the boundaries of knowledge, such as art and technology.

Another point often discussed in the institution is the subject of ethics, which culminated in the publication of its Ethics Code in 2006. The theme has always been present in the everyday activities of Instituto Cultural Itaú, with the intention of disciplining its relationships with components of the market.

## Institute website renovated

Another highlight of 2007 was the launch of a new website for Instituto Itaú Cultural, after a period of ten years on the air. With a history of contributions to the Brazilian cultural scenario, the site underwent a process of renovation that concluded in June. In addition to a more modern visual aspect, the electronic platform became more user friendly in terms of navigability.

The new website is a tool designed to prompt reflection on art and culture in Brazil, becoming a space for the exchange of knowledge and sharing lessons learned, also publishing the institution's projects, programs, products and activities. To broaden access of its users to Brazilian culture, new tools have been included, such as online transmission in real time of seminars and shows organized by the institution.

The electronic platform also contains virtual encyclopedias of the visual arts, theater, Brazilian literature, and art and technology. The encyclopedias reach a very diverse public, such as pupils in elementary and secondary education, university researchers, art experts, and critics.

Other website attractions are Radio Itaú Cultural, which broadcast 39 special programs in 2007, and the editions of the printed magazine Continuum Itaú Cultural in web and PDF format involving users in discussions and pieces around the theme of the month.



## Multidisciplinary events

Itaú Cultural held three multidisciplinary events at its main premises in 2007. In addition to these events, it organized what were called Thematic Axes (sets of activities focused on a single theme for short periods), and an exhibition to celebrate its 20th anniversary presented at its main premises and at Memória Itaú, Itaú Conceição Business Center (local acronym CEIC), and the Operational Technical Center (CTO).

The March-May period featured the exhibition "Itaú Contemporary – Art in Brazil 1981-2006" which recorded a total of 55,998 visitors. Artworks from the Itaú Collection were used in the exhibition and it was marked by the launch of the book *Coleção Itaú Contemporâneo – Arte no Brasil 1981 – 2006* (Itaú Contemporary Collection – Art in Brazil 1981-2006), with curatorial design by Teixeira Coelho and spatial concept by Bia Lessa.

The exhibition commemorating 20 years of activity by Instituto Itaú Cultural brought together photographs, audiovisual and objects to tell the institution's story. The event presented a time line showing events from the history of the institution and relating them to the Brazilian sociopolitical context. At the institution's main premises, where the

exposition was held in March and April, there were 45,027 visitors. At Memória Itaú, located in the CEIC center, visitations totaled 1,648 and there were 2,246 visitors at CTO.

The exhibition "Memória do Futuro – Dez Anos de Arte e Tecnologia no Itaú Cultural" ("Memory of the Future – Ten Years of Art and Technology at the Itaú Cultural Institute") was open from July through September and provided a retrospective view over a decade of the institution's activities fostering, researching, and disseminating art and technology. The exhibition was visited by 79,854 people. The works shown were produced or commissioned by Itaulab, Instituto Itaú Cultural's interactive media laboratory.

The multidisciplinary event "Futuro do Presente" ("Future of the Present") was shown from November 2007 through February 2008. Curatorial design was by Agnaldo Farias and Cristiana Tejo and the curatorial concept prompted artists to do works analyzing the future of art over the horizon of the next 20 years. On this basis, the exhibition presented works that study new ways of art relating to life, deepening the debate on the future of contemporary art. At the time of concluding this report, the exhibition had been visited by 27,802 people since it opened on November 13, 2007.



### Itaú Cultural programs and activities

#### Observatório Cultural (Culture Observatory)

This is a space for reflecting and understanding analyses of artistic, economic, and social movements related to the cultural world.

#### Onda Cidadã (Citizenship Airwaves)

This program was created in 2003, and emerged from the institution's aim to disseminate information concerning community, public and university community radio stations in Brazil. This spectrum was enlarged to cover other languages, such as audiovisuals, printed material, internet, tactical media experiences, and several forms of urban intervention. As a result, Onda Cidadã started to bring together different forms of activism and social organization.

#### Jogo de Ideias (Play of Ideas)

Created in 2003, Jogo de Ideias is a program covering current issues and asks professionals from the fields of literature, journalism, education, music, cinema and scenic arts to talk with an audience on various themes.

#### Programa de Atendimento e Formação de Público (Program for Reaching and Educating the Public)

This program develops products, training activities and local and national programs, with the objective of disseminating art and Brazilian culture in a broad-based and accessible manner.

#### Crônica na Sala de Aula (Classroom Journals)

This program takes a class journal or chronicle as the central object of an action to encourage reading and appreciation of literature in the context of formal education. The target audiences for the project include educational methods coordinators, technical assistants, and teachers.

#### Documentation and Reference Center

The media library has a collection of more than 46,000 titles on Brazilian arts, constantly updated on all available supports (book, catalog, DVD, CD-ROM, audio CD and digital multimedia files). The publications cover scenic arts, cinema and video, music, contemporary Brazilian literature, and in particular visual arts in Brazil.

#### Itaú Numismatic

Structured to serve people specializing in coins and those interested in general. Specialists see Itaú Numismatic as one of Brazil's leading numismatic museums.

### Initiatives in 2007

- The year 2007 saw researchers attending conferences on cultural indicators, with local and international specialists taking part. The seminar "Indicadores Culturais: Debate Brasil e Espanha" ("Cultural Indicators: Debate – Brazil and Spain") was held with participation from academics and professionals in several fields of work and studies, who were asked to conduct exercises for systemizing ideas as support for public policies and research on the universe of art and culture.

- Three issues of the *Observatório* magazine were published, and Observatório researchers compiled the *Cultural Sector Data Map*.

- In 2007, the Onda Cidadã program organized a forum to debate the sustainability of independent media in the city of Rio de Janeiro. The issue was discussed by representatives of 39 associations, non-governmental organizations, social movements, and artistic and cultural groups from 11 states in Brazil.

- Twenty-seven new programs were concluded in 2007, and shown by a network of broadcasters, mostly educational, community or university stations. The highlights are Rede Minas, TV São Marcos (São Paulo University Channel – CNU), TVE/RS, TV Unimep (Piracicaba/SP), as well as TV Nacional and Cine Brasil TV, which ensured national coverage for the program.

- In 2007, the program received 33,883 visitors, including people with disabilities. It also developed conferences for teachers, which potentiated useful gains for students. These meetings reached 225 educators during the year.

- In 2007, the program completed its fifth year of activities and has now directly reached some 4,200 people. During the year, 441 people participated in conferences with authors, in the states of São Paulo, Paraíba, Maranhão, Pará, and Santa Catarina. In addition, 38 multiplier agents from the state of Espírito Santo attended training sessions at the main premises and 23 participants were at the special talk at the Pan-Amazonian Fair. An estimated total of 3,700 teachers have been reached through training initiatives developed by the partners.

- In 2007, the center welcomed visits from 20,312 people. Items lent to the general public included 20,893 from the media library, such as videos, CDs, CD-ROMs and DVDs.

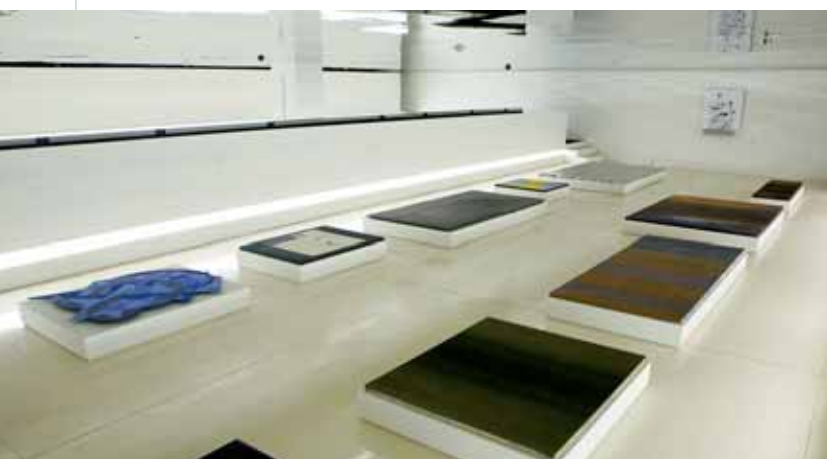
- In 2007, the museum's educational service reached more than 11,000 visitors, including people with disabilities.



## Goals set for 2007 and results

All the targets set for 2007 were accomplished:

- ➔ Itaú Cultural celebrated its 20th anniversary and the main premises hosted three multidisciplinary events, a retrospective exhibition around its history and three "thematic axes".
- ➔ Itaú Cultural reinforced its presence in the virtual world with the launch of the institution's new website in June.
- ➔ Observatório Itaú Cultural (Itaú Cultural Institute Observatory) continued to develop systematic reflection on the Brazilian cultural universe, through analysis and understanding of data relating to the economy, politics and cultural studies. It also had the objective of proposing public policies that offer new parameters for work. During the year, seminars were held throughout Brazil. The results of those reflections were disseminated in three printed publications, the first of them launched in March.
- ➔ Rumos Program ensured the continuity of its 2006 initiatives, and published new calls for entries in the fields of Music, Literature, Cultural Journalism, and Cultural Administration. The segments of Art and Technology, Cultural Journalism, and Literature and Music, moved to the phase of selecting projects. The segments Dance and Cinema and Video, and Education Culture and Art continued to publicize their results and works concluded on the basis of the projects previously selected. The Visual Arts segment arranged courses on the history of art in nine state capitals, and Education, Culture and Art continued work on the publication of a series of books arising from the process organized in its first edition.
- ➔ Portfolio program sets out to discover new photography talents and continued to run with four exhibitions at the Institute's main premises, as well as one in Belém, at the Instituto de Artes (Institute of Arts) of Pará, and another in Natal, at the Casa da Ribeira Cultural Center.
- ➔ Work produced included printed items, audiovisuals, audio and reference works, which are available at the institution's new website.



### Learn more about:



Programs and activities conducted by Instituto Itaú Cultural in the electronic version of this Sustainability Report at the link [www.itaui.com.br](http://www.itaui.com.br), on Financial Information/Annual and Quarterly Report section.

## Goals for 2008

### *Rumos Program*

- ➔ Launch of two new calls for entries, Visual Arts and Education, and Culture and Art;
- ➔ Continued work on activities for the other calls for entries. Categories due to reach the stage of dissemination are Art and Technology, Literature, Music and Dance. Still at the formative stage are the categories Cultural Journalism, Literature and Cultural Management;
- ➔ Creation of indicators and enhanced means and procedures for evaluating the program.

### *Onda Cidadã*

Conducting activity on a nationwide scale with the aim of strengthening radio stations as organizations that work with independent means of communication in a qualified manner. For 2008, the main objective of the program is to map the entities and individuals producing independent media in Brazil. The result will be used as fundamental research material for more accurate perception of the presence of these vehicles in Brazil and their impact in their local communities.

### Activities at the main premises

Events to be held:

- ➔ Three major multidisciplinary events in the course of the year, which will take up the themes Art and Sustainability – Quasi-Liquid Exhibition; Art and Technology – the fourth edition of the biennial Emotion Artificial, and Public Art – Art & Public Space Exhibition.
- ➔ Four Thematic Axes that will transversely examine themes relating to: the creative process; cultural actions in conflict areas; relationship between education and culture; cinema and interaction of artistic languages.
- ➔ International seminar on art and technology during the 4th biennial.
- ➔ Preparatory seminar to use photography in preparation for the Year of France in Brazil, to be held in 2009.
- ➔ Continuation of Portfolio program providing incentives for young photographers and writers.

## Nationwide activities

- ➔ Deepening the nationwide presence, mainly through Rumos program (education and visual arts seminars in about 20 states).
- ➔ Exhibitions of the permanent collection of art and technology in two states.
- ➔ Cinema and video screenings in 22 states.
- ➔ Staging shows in a number of states; holding the Brazilian edition of the program Próximo Ato – Encontro Internacional de Teatro Contemporâneo (Next Act – International Contemporary Theater Conference).

## International involvement

- ➔ Broaden the presence of Itaú Cultural in about 20 countries, through dialogues involving culture professionals from these places in activities conducted in Brazil.
- ➔ In Latin America, hold forums, exhibitions, and seminars in Chile, Argentina, and Uruguay.
- ➔ Mapping foreign institutions and centers that are studying Brazilian culture.

## Products

- ➔ Continuity of the policy of free distribution of products to cultural and educational institutions throughout Brazil.
- ➔ Launch the following products: Obra Revelada (Work Revealed, series of DVDs), Panorama Histórico Brasileiro (Brazilian Historic Panorama, DVD continuing an audiovisual series launched by the institution two decades ago); documentaries on the three multidisciplinary events; DVDs of the Rumos Música (Music Directions) program; 13 books and catalogs on contemporary art, cultural policy, cinema, and other themes; CDs of Rumos Música program; Cadernos do Professor (Teacher Notebooks, educational series that establishes dialogue with the Itaú Cultural Visual Arts Encyclopedia); 11 issues of the magazine Continuum Itaú Cultural; four issues of the magazine Observatório Itaú Cultural; recording and editing new Jogo de Idéias programs for distribution to TV stations all over Brazil and internationally.

### Product evaluations

- ➔ Creation of an independent council to evaluate the institution's products, comprising leading professionals from various fields. The objective is to help propose policies, identities, and lines of work for the Institution's materials.

### Virtual action

- ➔ The Itaú Cultural Visual Arts Encyclopedia will cross-reference information in order to facilitate analyses of its contents.
- ➔ Additional work for the encyclopedias of Theater, Literature and Art, and Technology.
- ➔ Initial drafting of the Cinema and Music encyclopedias for launch in 2009.
- ➔ Expanding the range of radio programs on the website, more broadcasts of events and increase in media aggregated to the website.

## Observatório Itaú Cultural

- ➔ Holding three major seminars at the Institute's main premises.
- ➔ Continuing the work of analyzing and reflecting on cultural policy, cultural employment, and creative cities.
- ➔ More in-depth analysis of quantitative data on culture.
- ➔ Creation of the virtual area, posting texts, relationship networks, analysis of data and contents of previous events, to disseminate reflection on themes taken up by the Observatório.
- ➔ Creating a website for the Observatório, as a space for disseminating studies of the cultural sector.  
Publication of three books on the cultural sector.

## Corporate governance

- ➔ Continuity and broadening of existing committees.



Learn more  
about:



The performance of Instituto Itaú  
Cultural on the website  
[www.itaucultural.org.br](http://www.itaucultural.org.br)

Itaú Holding, through its subsidiaries Banco Itaú and Itaú BBA, supports several community events and cultural and social initiatives all over Brazil.

## Other social and cultural investments

### Donations to Fundo da Infância e do Adolescente (Children and Adolescent Funds – FIA)

In 2007, Itaú Holding's companies donated R\$ 5.5 million to Children's and Adolescents' Rights Fund at the state and municipal levels, benefiting major social projects developed by institutions of recognized good standing and approved by the corresponding Councils of Children's and Adolescents' Rights, thus helping to improve the lives of needy children and adolescents.

### Gincana da Solidariedade (Solidarity Contest)

Through this initiative, Itaú Holding employees collected 47 tons of clothing and blankets in 2007. Banco Itaú matched each kilogram collected with the donation of a blanket. The campaign was conducted in São Paulo, Rio de Janeiro, Minas Gerais, Goiás, Paraná, Rio Grande do Sul, Santa Catarina, and the Distrito Federal.

### Clássicos Personnalité (Personnalité classical music)

From August to November, Itaú Personnalité staged 18 concerts by leading Brazilian and international artists as part of the Clássicos Personnalité project. The initiative broadened the classical music concept to make inroads into jazz, MPB, *choro* and tango. Concerts were in São Paulo and Rio de Janeiro, providing Personnalité customers – and other prospective customers – a unique experience of contact with the brand.





## Events

- In January 2007, thousands of cyclists took part in the 13º Passeio Ciclístico Itaú (13th Itaú Bicycle Tour), which Banco Itaú has been holding for the last 13 years, with the objective of collecting cans of powdered milk for donation, as well as being a leisure option for residents, with impact on the promotion and appreciation of a highly healthy, popular and inexpensive sport.
- In February 2007, more than 1 million people in Porto Alegre took part in the Celebration of Our Lady of Navigators, patron of the municipality. Itaú is a partner for the event, which is Brazil's second largest religious celebration. Itaú Holding has been taking part in the event for over 20 years.
- For several years, Itaú Holding has also taken part in the traditional events of Círio de Nazaré, which has been taking place since 1793. The Bank shows its close relationship with the community in these displays of faith on the second Sunday in October every year, in the city of Belém do Pará. For the six hours of the procession, a huge crowd (estimated at 3 million in 2007) escorts the tiny image of the Virgin of Nazareth, patron of the state of Pará.

## ITAÚ BBA

Itaú BBA has its own social investment process to prioritize support for projects to improve elementary education, as well as activities to enhance culture and quality of life for low-income groups in Brazil.

### Educational projects

➔ **"Parceiros Vitae" ("Partners Vitae") program supporting technical-agricultural education:** created by Vitae – Support for Culture, Education and Social Development, the program, now managed by Fundação de Apoio à Tecnologia (Technology Support Foundation – locally FAT), works to implement and disseminate curricular modernization and technology in technical and agri-technical schools. Itaú BBA allocated R\$ 1.2 million to this program in 2007. "Parceiros Vitae" ("Vitae Partners") program consists of a) asking selected technical schools from different parts of Brazil to submit projects for enhancing their educational capacity through laboratories, more teaching resources and teacher training; b) analyzing and approving the best projects; c) allocating funds to implement the winning proposals and supervise their execution. Eleven projects were approved in this period. The group of bodies involved, in addition to Itaú BBA, comprises Vitae, Fundação Lemann, Instituto Unibanco, and FAT.

➔ **Alfabetização Solidária (Caring Concern Literacy):** fostering access to regular cycles of elementary education for young people and

adults. Itaú BBA allocated R\$554,600 to the program in 2007, which included a project for distributing eyeglasses for students – Projeto Ver (Project To See). The resources used helped with the education of 2,425 students and training for 97 reading-writing instructors in seven municipalities of the Northeast region.

➔ **Acaia Sagarana:** support and encouragement for low-income pupils who have a good school history. This fund is for pupils in the public school system that have studied and obtained good grades, or are currently studying and doing well in their schoolwork. In 2007, the program assisted young people with classes in Portuguese language, mathematics, history, geography, physics, chemistry, and biology. Contents were selected for the classes with the aim of ensuring the basic knowledge pupils required to continue their studies successfully. Itaú BBA donated R\$ 409,500 to Instituto Acaia. In the same year, Itaú BBA was pleased to see four students passing examinations to enroll at public universities, two at private universities under the ProUni government grant program, and 12 successfully sitting examinations and obtaining full scholarship grants for the Anglo preparatory course for university admission examinations.

➔ **Ária Social:** space for dance and art that serves children and young people from needy communities in the municipal school system of Jaboatão dos Guararapes, in Pernambuco. Itaú BBA donated R\$ 150,000 to Ária Social.

➔ **Constellation:** strengthening the network of socioeducative centers as underpinning for excellence initiatives in the fields of preschool education, reinforcement classes, female leadership, and community development in needy communities in Rio de Janeiro. Itaú BBA allocated R\$ 100,000 to the project in 2007.

➔ **Fundação Getúlio Vargas Scholarship Fund:** educational loan program using resources from the bank to assist with tuition for students taking the FGV Business Administration program. In 2007, Itaú BBA allocated R\$ 96,000 to the Fundação Getúlio Vargas Scholarship Fund.

Itaú BBA invested R\$ 132,000 in the following three projects:

➔ ***Different languages in the work of the Child Education Center (locally CEI): new times and spaces:*** this two-year duration project assisted 150 under-six-year-olds, 27 teachers, an educational methods coordinator, and a school director at the Antonia M. Lamberg child education center (CEI) in São Paulo. The focus of the 2007 program was verbal language (oral and written) prioritizing everyday educational practices in child education.

At the Dilermando Dias dos Santos Municipal Elementary School, advisors from Assessoria Vera Cruz conducted a study of the social situation around this education unit, with an initial survey, which led to their defining the need for a teacher training process in 2008, with focus on the initial cycle of elementary education.

➔ ***Escolas em Diálogo (Schools in Dialogue):*** the book aims to share experiences and discuss problems related to upgrading educational practices and the composition of teams in education.

➔ **ARCO Beneficent Association:** offers an education program for pupils aged under 22 residing in the periphery of São Paulo.

### Community support initiatives

➔ **Hospital São Paulo – Federal University of São Paulo (UNIFESP):** Hospital São Paulo is a teaching and training center for UNIFESP, but also provides free medical care to the population through the public health care system (local acronym SUS). Itaú BBA donated R\$ 250,000 to the institution to refurbish facilities and purchase equipments for use by ear, nose and throat specialists.

- ➔ **Associação de Assistência à Criança e à Transplantada do Coração (Association for Assistance to Children with Heart Disease or Transplants – ACTC):** the association assists children with severe heart diseases who travel from all over Brazil and neighboring countries for treatment at Instituto do Coração (Heart Institute) in São Paulo, accompanied by their mothers or companions. In 2007, Itaú BBA allocated R\$ 200,000 to ACTC, which helped 2,136 cases over the year.
- ➔ **Instituto São Paulo Contra a Violência (São Paulo Against Violence Institute):** this nonprofit organization consists of business and non-governmental entities, as well as universities and media companies. It has the objective of collaborating with society and government to reduce violence and crime in the city of São Paulo. Itaú BBA donated R\$ 120,000 to the institute in 2007.
- ➔ **Instituto WCF Brasil (WCF Institute Brazil):** it is a non-profit organization founded by Queen Silvia of Sweden, and associated with the World Childhood Foundation. WCF Brasil supports and develops programs whose focus is combating sexual violence against children and adolescents. Itaú BBA donated R\$ 100,000 to the institute in 2007.

Itaú BBA also supported the following community projects with a total amount of R\$ 95,000: Ronald McDonald Institute (campaign for children with cancer), Hospital São Vicente de Paulo (free care for the population of Araçuaí, state of Minas Gerais and neighboring cities in Vale do Jequitinhonha) and WWF Brasil (conservation of biodiversity).

### Projects in the cultural field

- ➔ **Concurso Itaú BBA de Fotografias (Itaú BBA Photography Competition):** the themes this year were “Tree in Bloom”, “Nature in Bloom” and “Agricultural Plantation in Bloom”. This traditional Itaú BBA competition distributed prizes for amateur and professional photographers from all over Brazil. A jury consisting of well-known personalities from the worlds of photography and environmental conservation evaluated the 2,542 photographs entered and gave awards for 77 works. The images have been published on Itaú BBA’s website and were featured at exhibitions. The investment of R\$ 351,500 was used to organize the 13th annual competition and exhibitions of the winning photographs from the 12th annual event.



## Projects eligible for tax deductions under the Rouanet Law and the Audiovisual Law

➔ **Concurso Avistar Itaú BBA de Fotografias (Itaú BBA Bird Watching Photography Competition):** around the theme “Brazilian Birds,” the competition provides prizes for the best images of birds found in Brazil, photographed in their natural setting. The selection was made by an international jury and all winning photographs were shown during the Encontro Brasileiro de Observações de Aves – Avistar (Brazilian Bird Watching Conference) which was held in Parque Villa-Lobos, São Paulo. The objective of the event was to encourage watchers to register and conserve Brazilian birds. Itaú BBA allocated R\$ 118,000 to hold the competition.

The Bank was also involved in support for the following cultural projects, with a total amount of R\$ 150,000 allocated:

➔ **Museu da Casa Brasileira (Brazilian Home Museum):** this institution in São Paulo shows examples of furniture from the 18th, 19th and 20th centuries. Along with this, the museum provides space for temporary exhibitions and organizes discussions, courses, and lectures on themes related to architecture and design.

➔ **Centro da Cultura Judaica (Jewish Culture Center):** this institution is active in cultural promotion and strengthening ties between the Jewish community and Brazilian society.

➔ **Museu de Arte Moderna de São Paulo – MAM (Museum of Modern Art of São Paulo):** this is one of Brazil’s most important modern art museums. In 2007, Itaú BBA sponsored an exhibition titled “Vieira da Silva in Brazil,” which showed works by the Portuguese painter Maria Helena Vieira da Silva during the period she lived in Brazil. It also supported the Igual Diferente (Same Different) Program for people with special needs. Itaú BBA donated R\$ 900,000 to MAM.

➔ **Tucca – Associação para Crianças e Adolescentes com Câncer (Association for Children and Adolescents with Cancer):** the institution organizes musical concerts with the objective of raising funds for Tucca, whose mission is to raise the level of cures and quality of life for children and young people with brain tumors. Itaú BBA donated R\$ 850,000 to Tucca in 2007.

➔ **Fundação Magda Tagliaferro (Magda Tagliaferro Foundation):** Itaú BBA supported the Jovens Talentos (Young Talents) project, which runs a program for selection, training, assistance, and public presentations for 12 scholarship pianists aged 10 – 18. The adolescents take part in local and international piano competitions to encourage their specialization at the beginning of their artistic career as professionals. Itaú BBA donated R\$ 120,000 to this foundation.

## Other cultural projects supported

➔ Film – *A Montanha* (The Mountain) – R\$ 560,000

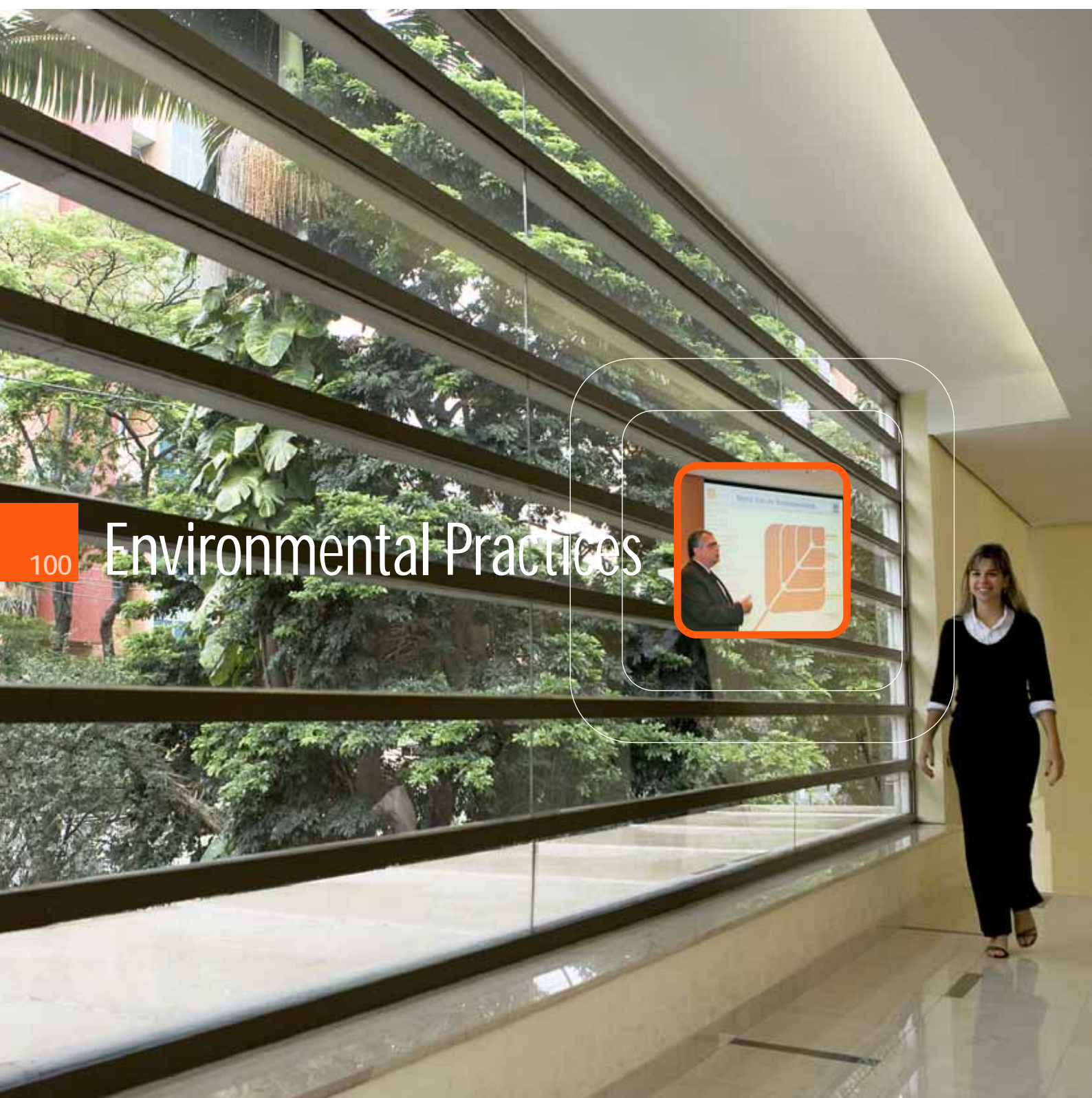
➔ Book – *Casas* (Homes) – R\$ 275,000

➔ Film – *No Retrovisor* (In the rear-view mirror) – R\$ 200,000

➔ Municipal Theater – Rondonópolis (MT) – R\$ 200,000

➔ Book – *História do Brasil Vivida* (History of Brazil Experienced) – R\$ 150,000





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# Environmental Practices



## New Eco-efficiency group marks strengthening of Itaú's responsible environmental practices

In 2007, Itaú Holding invested approximately **R\$3.7 million** in projects and initiatives favoring eco-efficiency and reduced environmental impacts.

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All subjects related to environmental sustainability for Itaú Holding's operations have been discussed by its Executive Committee and Commission for Socioenvironmental Responsibility, and also feature in analyses of business ventures and routine management of administrative sections and branches.

As a financial institution, the environmental impacts of Itaú Holding's operations are restricted to its consumption of natural resources, generation of waste and emission of pollutants during transportation of people and money. In 2007, the Organization introduced a number of improvements in its processes to save paper, energy and water, in addition to control of waste and emission of greenhouse gases. As part of these efforts, the year was also marked by the creation of the Eco-efficiency Group (see table).

The consequences of climate changes are also discussed in Itaú's corporate governance, and this led to an evaluation of the direct and indirect risks caused by Itaú Holding's operations (see table). Since 2005, Itaú has been reporting to the Carbon Disclosure Project, a global report on how companies are tackling climate change risk. Full details of Itaú's positioning and reports of emissions of greenhouse-effect gases produced by its activities are available for investors and customers all over the world.

Itaú also works to disseminate environmental awareness among its employees. The theme is present in the "Business Sustainability" course that has been part of training for professionals responsible for designing corporate products since 2007.

Employees attending the course are encouraged to think about the risks and opportunities of social and environmental aspects for business, including climate changes and their impacts on existing or developing products, services and solutions. The training course is obligatory and is included in employees' qualifications and records.

### Eco-efficiency Group encourages debate and actions on theme

To motivate internal dialogue on what may be done to minimize environmental impacts due to Itaú's activities and seek solutions based on more efficient use of natural resources, the bank set up this Eco-efficiency Group in 2007.

It meets every fortnight and consists of representatives from several sections of the Bank who discuss the panorama related to environmental issues and propose solutions to increase eco-efficiency at the operational level. The Group also analyzes market practices and suggestions from employees.

One measure implemented on the basis of these discussions and the work of the Group was the adoption of recycled paper, which is being extended throughout the Organization.

### Climate-change related risks and Itaú Holding's operations

#### Direct risks

The physical structure of the bank's operations may be affected by possible extreme climatic events, as may Itaú Holding's image as perceived by society and its stakeholders as a consequence of its co-responsibility in relation to steps to decrease impacts and adapt to climate change.

Image risk relates to the selective approach that Brazilian consumers increasingly adopt in relation to the environmental profile of companies, as shown in a survey conducted by Instituto Akatu. Some 52% of Brazilians adopt behaviors related to conscious consumption values, while 15% are concerned about mobilizing other people for conscious consumption.

#### Indirect risks

Although the financial sector is not highly representative in terms of emissions of greenhouse effect gases, there are indirect risks arising from the acts of customers or suppliers. Investments in companies that are highly dependent on energy generated by highly pollutant sources may cause negative impact for the lending capacity of the financial system, since environmental legislation may well introduce restrictions for the operations of these companies. Itaú adhered to the second version of the Ecuador Principles, and this assumed the commitment of insisting that borrowers fulfill environmental requirements.

## Mobilization for Sustainability

Itaú also seeks to mobilize society around sustainability issues. In 2007, in order to foster yet more discussion and reflection on the issue, Banco Itaú and Banco Itaú BBA took the historical initiative of making possible 2007 Nobel Peace prize-winner Al Gore's visit to Brazil to talk about global warming.

On another aspect, to facilitate comprehension of the issues and examine risks and opportunities arising

from climate change for its operations, in the second half of 2007, Banco Itaú became a guest member of the Energy and Climate Change commission of the Brazilian Business Council for Sustainable Development (CEBDS).

In 2008, Itaú has among its targets further disseminating the concept of energy efficiency among employees, customers and suppliers, through bulletins, lectures and electronic media.

## Debating sustainability

Since 2006, as an example of the fundamental exercise of dialogue, Itaú has been holding the "Itaú Sustainability Dialogues", to foster and encourage reflection and debate on related subjects.

Four such debates were held in 2007, one internally for employees and the others open to customers, partner companies, and representatives of entities and NGOs associated with sustainability. Summarized descriptions of the events follow:

- ➔ June – in São Paulo, José Goldemberg gave a talk on "Climate Change: the role of business" with presentations of case studies of the companies Petrobras and Wobben Windpower. Audience: about 180 people.
- ➔ October – in Rio de Janeiro, Clarissa Lins, director of the *Fundação Brasileira para Desenvolvimento Sustentável* (Brazilian Sustainable Development Foundation) talked about "Sustainability in business: differential or condition", and there were presentations of case studies of the companies Vale do Rio Doce and Coca-Cola. Audience: about 180 people.
- ➔ November – in Belo Horizonte, Claudio Boechat of *Fundação Dom Cabral* spoke on "Sustainability Indices" with presentations of case studies of the companies Itaú and Cemig. Audience: about 220 people.
- ➔ December – an internal event looked at the theme of "Exam Magazine's Guide to Sustainability – dilemmas, challenges, and lessons from Brazilian models", with case studies of Natura and Philips.

## Water

### Water consumption – Itaú Holding

	2004	2005	2006	2007
Consumption (m³)*	727.640	775.615	844.125	948.158
No. of employees	45.316	51.036	59.921	65.089
Total m³ / employees	16.06	15.20	14.09	14.57

\* also equal to total water discharged in the public collection network.

Water is becoming an increasingly scarce good worldwide. In 2004, Itaú started a structured process to reduce its water consumption, achieving 16.5% reduction in that same year, mainly due to the risk of lack of drought in the state of São Paulo, where its main buildings and operations are located. In 2007, consumption rose again as the Organization grew.

To reduce consumption and continue contributing to the environment, previous measures will be maintained and new projects introduced, such as item 4 below:

**1.** Efficient fittings: exchange sanitary fittings for more efficient models. New branches are implementing a project using sanitary systems that waste less water than current fittings.

**2.** Efficient air conditioning: air conditioning projects for new branches with treated water and cooling equipment using less energy than current models. Also being implemented is a program to replace HVAC systems (chillers and centrifuges) in the current branches with air cooling systems. The new system does not consume water and uses less energy.

**3.** Water reuse: at Eudoro Villella (the bank's most recent central office tower, was built in 2002 in the neighborhood of Jabaquara, São Paulo) water from lavatories is collected for treatment and reuse in sanitary basins. This system has saved 50,000 liters of water a day since 2006. These results have encouraged Itaú Holding to replicate the same concept in its other new buildings.

**4.** Rainwater: new branches will have a system (now being developed) to collect rainwater and treat it for reuse in bathrooms, gardens and for washing external areas such as parking lots and sidewalks. The project was conceived on the basis of an analysis of rainfall levels in the different regions of Brazil.

## Energy

### Energy consumption – Itaú Holding

	2004	2005	2006	2007
Consumption (MWh)	311.531	321.306	330.813	368.180
No. of employees	45.316	51.036	59.921	65.089
Total MWh/ employees	6.87	6.30	5.52	5.66

Reducing energy consumption is another key factor in the quest for a sustainable future. Although energy consumption has grown 2.53% in 2007 in relation to the growth of our headcount, we are taking steps to reduce or steady this amount.

To reinforce these measures, the Organization is examining purchases of energy generated by small hydroelectric dams or biogas generators, which is currently not allowed in Brazil. Legislation is being revised and it is expected that use of these renewable sources of electric power will be possible in the near future.

See below the main measures for efficient use of energy adopted by Itaú Holding since 2002:

- ➔ Retrofit Program: the air conditioning system at the Cambuci administrative building in São Paulo (CTO) was fitted with upgraded centrifuges.
- ➔ Property supervision system: the use of a supervisory system for automatic control of lighting and equipment installed at our administrative centers (CEIC and CTO) enables monitoring energy consumption as the basis for internal measure to reduce consumption.
- ➔ Procedures manual: the new manual advises branch managers to ensure rational use of air conditioning systems.
- ➔ Ongoing monitoring of energy consumption: water and energy costs are analyzed monthly by the Rationalization of Processes and Costs Commission (CRPC) comprised of members of Banco Itaú's senior management.
- ➔ Study group: a standing study group set up to focus on developing energy efficiency at branches, consisting of representatives from all Itaú's engineering specialists. This group is responsible for detecting opportunities to save energy at the branches and their operation by using new products and methodologies depending on the characteristics of their infrastructure.

### Control of waste

In relation to control of waste, Itaú's main initiatives are the following:

- ➔ Recycling paper: Itaú Holding hires companies to collect and destroy documents at the administrative centers in São Paulo and also certain branches and other administrative buildings. In 2007, 623 tons of paper were collected for approximately R\$124,958, which were all donated to Itaú's Social Foundation.
- ➔ Recycling aluminum and plastic: a project is now underway to extend the selective collection system at CEIC, CTO and CAT to other administrative buildings. This procedure will ensure disposal of aluminum cans and plastic materials in separate garbage containers. In 2007, material was collected and sold to recycling companies and the revenue thus generated (R\$ 5,912) was donated to Itaú's Social Foundation. Approximately 10 tons of aluminum and 29 tons of plastics were collected.
- ➔ Decontaminating fluorescent lamps: lamps at CEIC and CTO are specially treated to remove mercury from them. All lamps are sent to a company specializing in decontamination and correct disposal of these products. This company certifies that Itaú has treated a certain number of lamps each year (22,615 in 2007).

- ➔ Disposal of batteries: in 2007, our CEIC and CTO administrative centers started collecting batteries and provided incentives for employees to bring in batteries from their homes too. Itaú arranges appropriate disposal for these products together with batteries used in the administrative buildings. Approximately 601 kg of batteries were collected over seven months.

#### Total weight of waste generated in 2007\*

Waste	Quantity	Disposal
plastic	29.1 t	sold for recycling
paper	622.8 t	sold for recycling
aluminum	9.8 t	sold for recycling
batteries**	601 kg	recycling and reprocessing
lamps	22.615 un.	recycling and decontamination
Organic	1.141,57 t	landfill

\* Includes information from Itaú's Business Center (CEIC), Technical Operational Center (CTO), Tatuapé Administrative Center (CAT), Jardim Paulista Building, Vila Mariana Building (Lins de Vasconcelos) and Poá (Itaucard).

\*\* Collections of batteries at CEIC and CTO centers started in June and August 2007 respectively.



## Control of emissions

Itaú Holding is making several efforts to control emissions of greenhouse effect gases arising from its operations. The main sources of emission in the organization are transportation of employees and money, and generation of own energy through generators when necessary. Emissions of other gases, such as NO<sub>2</sub> or SO<sub>2</sub> are not significant.

In the first case, the Itaú fleet of vehicles is gradually being renewed with flex-fuel vehicles that can use alcohol, which is less pollutant. In 2007, the organization owned 170 gasoline powered vehicles, 29 diesel, 7 gasoline and natural gas, 4 flex-fuel, and 3 alcohol, gasoline and natural gas.

Other measures being adopted to reduce emissions of pollutants include replacement of old air conditioners using CFC gas, which destroys the ozone layer, and ever more numbers of distance learning courses and videoconferences to avoid traveling.

Estimates of direct and indirect emission of greenhouse effect gases are shown below. The methods used for calculating these monitoring data are stated in each table and the criteria used follow the rules specified by the World Resources Institute (WRI).

## Direct emissions of greenhouse effect gases

### Emission of pollutant by Itaú automobiles\*

Year	Quantity (liters) **	Emission of CO <sub>2</sub> (tons)	Total direct emission (tons)
2004	98.615,5	231	16
2005	166.116,5	389	26
2006	162.141	380	26
2007	425.087	996	67

Assumptions:

- CO<sub>2</sub> emission = 8.87 kg per gallon of gasoline
- Average consumption = 5 km / liter
- Includes vehicles of Banco Itaú, Itaú Corretora, Banco Itaucard, Banco Fiat and Itauprev
- \* Gasoline used in fleet vehicles (senior management).
- \*\* Quantity of liters calculated assuming R\$ 2.00 / liter.

### Emission of pollutant by Itaú generators

Year	Quantity (liters)	Emission of CO <sub>2</sub> (tons)	Total emission of pollutants (tons)
2004	250.330	670	45.1
2005	193.575	518	34.9
2006	168.523	451	30.4
2007	83.500	224	15.0

Assumptions:

- Numbers for diesel: 2002 - R\$ 1.19/l; 2003 - R\$ 1.33/l; 2004 - R\$ 1.48/l; 2005 - R\$ 1.89/l, 2006 - R\$ 1.86/l, and 2007 - R\$1.86/l.
- CO<sub>2</sub> emission = 10.15 kg per gallon of diesel

### Emission of pollutant by aircraft used for business travel in 2007

Journeys	Quantity (miles)	Emission of CO <sub>2</sub> (tons)	Total direct emission (tons)
41.885	3.962.982	1.219	82

Assumptions:

- Boeing 777 flight and estimates followed by [www.florestasdo futuro.org.br](http://www.florestasdo futuro.org.br)
- 0.191 kg of CO<sub>2</sub> emission per km of air travel
- Estimate for emission of pollutant using the spreadsheet provided by the World Resources Institute (WRI) - [www.ghgprotocol.org](http://www.ghgprotocol.org)

### Total direct emission 2007

Source	(t)
Itaú automobiles	67
Generators	15
Air travel	82
<b>TOTAL</b>	<b>164</b>

## Videoconferences and distance learning courses reduce emission of pollutants

In 2007, Itaú Holding increased the number of videoconferences and distance learning courses as a means of reducing emissions of greenhouse effect gases caused by employees' transportation. Itaú estimates that these initiatives eliminated the emission of at least 12,124 tons of greenhouse effect gases over the year.

### Videoconferences

Year	Rooms	Events
2005	212	1,167
2006	226	1,148
2007	225	1,459

### E-learning

Regions	Participants	Tons per capita CO <sub>2</sub>	Total in tons CO <sub>2</sub>	Total green house gas reduction (tons)
Mid-West	23,088	0.40	9,235	621
Northeast	24,599	1.05	25,829	1,737
North	8,589	2.00	17,178	1,155
Southeast	416,747	0.25	104,187	7,007
South	59,648	0.40	23,859	1,605
<b>Total Brazil</b>	<b>532,671</b>	<b>4.10</b>	<b>180,288</b>	<b>12,124</b>

• Data from [www.climatecrisis.net](http://www.climatecrisis.net)

Calculation: Mid-West Region = 2h30min journey time; Northeast Region = 5 h journey time; North Region = 8 h journey time; Southeast Region = 1h30min journey time; South Region = 2h30 journey time; plus land transport: 1h.

N.B.: one hour land travel assumed for participants from São Paulo

## Indirect emissions of greenhouse effect gases

Indirect emissions of greenhouse effect gases by Itaú Holding relate to use of outsourced fleets of armored cars to transport money to and from branches and ATMs all over Brazil.

### Emission of greenhouse effect gases – outsourced armored vehicles fleets

Year	Shipments	Qty. (hours)	Qty. (liters)	Emission of CO <sub>2</sub> (tons)	Total indirect emission (tons)
2004	448,044	112,011	840,083	2,253	151,5
2005	460,968	115,242	864,315	2,318	155,9
2006	467,291	116,823	876,171	2,350	158,0
2007	395,507	98,877	741,576	1,989	133,7

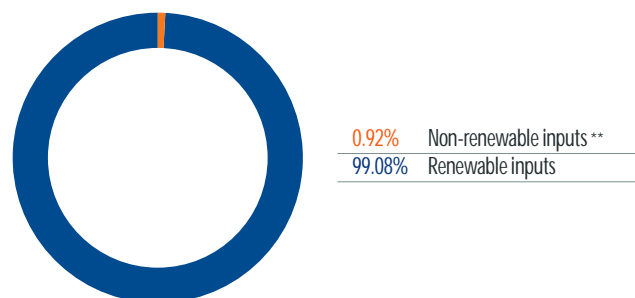
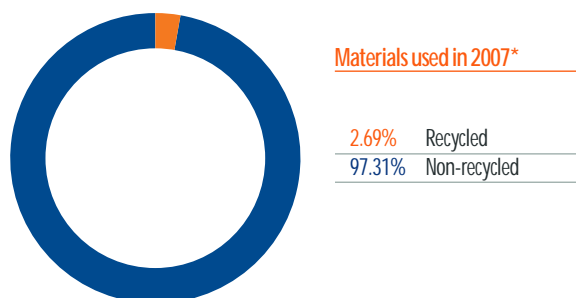
Assumptions:

- 15 minutes per shipment
- Vehicle covers 4 km / l at average speed of 30 km / h
- CO<sub>2</sub> emission = 10.15 kg per gallon of diesel

## Other initiatives

- ➔ Ecological sidewalks / floors: in 2007, repairs and refurbishing for parking lots and garage spaces at 9 branches in the city of São Paulo used tires in the materials used for composition of floors. Approximately 43 tons of tires were used on a surface area of 2,885 m<sup>2</sup>.
- ➔ Conservation of parks and squares: in 2007, Itaú invested approximately R\$ 395,000 in maintenance and conservation of two plazas - Parque Lina and Paulo Raia - and also in the square at the CEIC center.
- ➔ Christmas decorations: at Christmas 2007, all decorations used were totally made from recycled materials. These materials were provided at the administrative buildings CEIC, CTO, CAT and Orbitall. At Parque Lina and Paulo Raia, in addition to Xmas decorations made from recycled waste materials, a workshop was held to teach people how to make decorations using recycled waste materials.

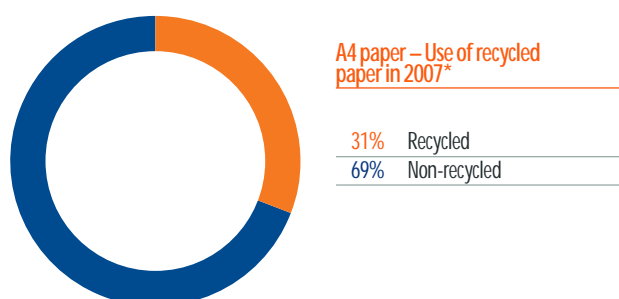
## Consumption of materials



\* Includes reels, envelopes, form sheets, supplies of checks, supplies of cards, supplies for magnetic cards, checks, office material, data processing material, A4 paper and microfilm. Materials acquired by Supplies Management. Excludes paper used by branches.

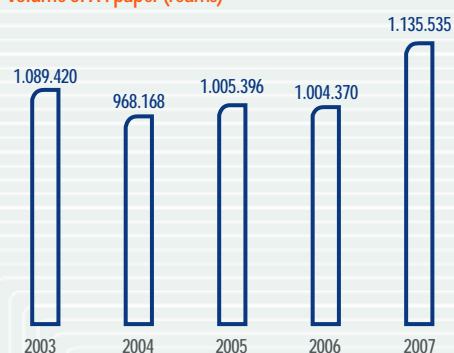
\*\* Office materials and microfilm supply.

N.B.: we do not have a system to produce data for total weight or volume of consumables.



\*Recycled paper used as from August.

### Volume of A4 paper (reams)



\* Includes paper acquired by Supplies Management. Excludes paper used at advertising agencies hired by the Bank.



# Awards and Recognition

Subject	Award / recognition	Entity	2005	2006	2007
Brand and Image	Most Valuable brand - Brazil	Consultoria Interbrand	✓		✓
	Ranking - The world's 100 most valuable brands	The Banker magazine - Brand Finance		✓	
Business communication	Aberje Brasil Award - Integrated Communication - São Paulo and National Categories	Brazilian Business Communication Association (Aberje)			✓
	Aberje Brasil Award - Company of the year in business communication - São Paulo/South Region Category	Brazilian Business Communication Association (Aberje)			✓
	Abrasca Best Annual Report Award	Brazilian Publicly Held Companies Association (Abrasca)			✓
	Social Balance Award	Aberje, Apimec, Ethos, Fides, Ibase		✓	
Human Resources	Most Admired HRs Brazil - Survey	Gestão & RH magazine		✓	✓
	Citizen HR Award	Gestão & RH magazine	✓	✓	
Information Technology / Internet	E-Finance Award	Executivos Financeiros magazine/Congresso de Informática e Administração Bancária (CIAB)/ Febraban	✓	✓	✓
	IR Magazine Brazil Awards	IR Magazine	✓	✓	✓
Marketing	Marketing Best Award	Editora Referência / FGV-EAESP / Madia Mundo Marketing		✓	✓
	Marketing Highlights Award	Brazilian Marketing & Business Association (ABMN)		✓	✓
Performance and Efficiency	Bank of the Year Latin America and the Caribbean	Latin Finance magazine		✓	
	Best Bank Latin America	Euromoney magazine		✓	
	Best Bank in Emerging Markets - Brazil	Global Finance magazine	✓		
	Best Brazilian Bank	Euromoney magazine	✓	✓	✓
	Best Brazilian Bank	Global Finance magazine	✓		
	Best Company in the Financial Sector in Latin America	Euromoney magazine			✓
	Best Corporate Governance Company - Latin America	Euromoney magazine		✓	
	Best Insurance Companies Award - Brazil	Conjuntura Econômica magazine - FGV	✓	✓	✓
	Best Investment Bank - Brazil	Latin Finance magazine		✓	
	Best Investment Fund Manager	Guia Exame - Best investment funds	✓		

<i>Performance and Efficiency</i>	Best Private Bank - Brazil	Euromoney magazine	✓	✓
	Best Private Bank for Customers with Investments of US\$ 1 to 10 million - Brazil	Euromoney magazine	✓	
	Best Private Bank for Entrepreneurs - Brazil	Euromoney magazine	✓	
	Bovespa Highlight Award	São Paulo Stock Exchange (Bovespa)	✓	✓
	Largest Bank Latin America	The Banker magazine		✓
	Most Admired Companies in Brazil - Ranking	Carta Capital magazine / TNS InterScience	✓	✓
	Most Admired Companies	DCI - Diário Comércio, Indústria & Serviços and Brasmarket	✓	✓
	Most Sustainable and Ethical Bank - Latin America	Latin Finance magazine /Management & Excellence	✓	✓
	Ranking "20 biggest banks - Latin America and the USA"	Economática magazine		✓
	Valued Executive	Executivo de Valor magazine - published by Valor Econômico		✓
<i>Sustainability and Corporate Responsibility</i>	Best Bank	Dinheiro magazine	✓	✓
	Best Bank and Best Company Social and Environmental Responsibility	Dinheiro magazine		✓
	Best Sustainability Websites 2006/2007	Management & Excellence, Grow Associates and Razão Contábil magazine		✓
	Corporate Citizen Seal	São Paulo City Council	✓	✓
	Corporate Citizen Certificate	Regional Council - Accountants - Rio de Janeiro (CRC-RJ)	✓	✓
	Corporate Governance and Sustainability Ranking - Latin American banks	Management & Excellence		✓
	Eco award	American Chamber of Commerce (AMCHAM)	✓	
	Guia Exame - Sustainability	Exame magazine		✓
	Top Social award	Association Sales and Marketing Managers Brazil (ADVB)	✓	✓

# Representation and influence

Itaú Holding takes part in several industry bodies, entities, and forums with the objective of contributing to the evolution of the financial sector and the sustainable development of Brazil.

Some of the organizations in which the Organization is most actively involved:

- ➔ **ABECIP** (Brazilian Housing Credit and Savings Association): an Itaú executive presides over the entity.
- ➔ **ABEL** (Brazilian Leasing Companies Association): Itaú coordinates the Legal Commission.
- ➔ **ANBID** (Investment Banks Association): an Itaú executive chairs the association and the Organization has representatives on two commissions discussing specific programs.
- ➔ **CDES** (Economic and Social Development Council): Itaú's CEO is a member of the council.
- ➔ **CODIM** (Committee for Guidance on Market Disclosure Issues): this committee is coordinated by Itaú.
- ➔ **CTFIN** (Technical Chamber on Sustainable Finance) of CEBDS (Brazilian Business Council for Sustainable Development): an Itaú executive occupies the vice-presidency of this chamber.
- ➔ **FEBRABAN** (Brazilian Federation of Banks): Itaú executives head some of the departments and sit on several commissions and subcommittees.
- ➔ **Fed** (Federal Reserve Bank of New York): Itaú's CEO is a member of the International Advisory Committee.
- ➔ **FELABAN** (Latin-American Federation of Banks): an Itaú executive chairs the Latin-American Internal Audit Committee.
- ➔ **FENABAN** (National Federation of Banks): Itaú executives are on a commission and subcommittee.
- ➔ **IBRI** (Brazilian Investor Relations Institute): an Itaú executive presides over the institute and is also a member of the Technical Commission.
- ➔ **IIF** (Institute of International Finance) – Itaú's CEO occupies the position of vice-president of the entity.
- ➔ **Uruguay Private Banks Association** – an Itaú executive chairs the association.

Itaú Holding is also represented on the following entities and forums:

- ➔ **AAFM** (Chilean Mutual Fund Managers Association)
- ➔ **ABERJ** (Rio de Janeiro Banks Association)
- ➔ **ABIF** (Chilean Banks and Financial Institutions Association)
- ➔ **ABPU** (Uruguay Private Banks Association)
- ➔ **ABRAPP** (Brazilian Closed Pension Fund Association)
- ➔ **ANDIMA** (National Association of Financial Market Institutions)
- ➔ **Uruguay USA Chamber of Commerce** – member of the board



## Itaú Holding's many-sided involvement in entities and forums reinforces its commitment to sustainable development of the financial sector in Brazil and foreign countries.

- ➔ CBPG (Brazilian Committee of the Global Pact)
- ➔ CEN (National Business Council for HIV-AIDS Prevention)
- ➔ CERES (Economic and Social Research Center) – director
- ➔ CIP (Interbank Payments Chamber)
- ➔ CNAB (Banking Technology and Automation Commission)
- ➔ CNIC (Ministry of Culture – Cultural Incentives Council)
- ➔ CRSFN (Brazilian Financial System Resources Council)
- ➔ CTCLIMA (Energy and Climate Change Technical Chamber of CEBDS)
- ➔ DPVAT – board of the compulsory automotive insurance agency – member of the board
- ➔ EMTA (Trade Association for the Emerging Markets)
- ➔ FENACAP (National Premium Bonds Federation) – member of the board
- ➔ FENAPREV (National Private Pensions and Life Federation) – vice-presidency
- ➔ FENASEG (National Federation of Private Insurance and Premium Bond Companies) – vice-presidency
- ➔ FENSEG (National Federation of General Insurance)
- ➔ FNPETI (National Forum – Eliminate Child Labor Program)
- ➔ Foreign Exchange Committee (Federal Reserve Bank of New York)
- ➔ Fundação Dom Cabral – Reference Center for Responsible Sustainability Management
- ➔ Fundación TACAL – for children and young people with disabilities
- ➔ IBGC (Brazilian Corporate Governance Institute)
- ➔ IBRADEMP (Brazilian Business Law Institute)
- ➔ IEB (Guillermo Subercaseux Banking Studies Institute)
- ➔ INI (National Investor Institute) – Board of Directors
- ➔ LASFF (Latin-American Sustainable Finance Forum)
- ➔ Nossa São Paulo Forum
- ➔ OAB (Brazilian Bar Association)
- ➔ Todos pela Educação (All for Education) project – Governance Council and Management Committee
- ➔ SINDISEG (Union of the Occupational Safety and Protection Material Industry in the State of São Paulo) – member of the board
- ➔ SINDSEG (Union of Insurance Companies of Rio de Janeiro and Espírito Santo) – member of the board

# Independent auditors' limited assurance report on the 2007 Sustainability Report

To the Directors of Banco Itaú Holding Financeira S.A.

1. We have performed a limited review of the information in the 2007 Sustainability Report of Banco Itaú Holding Financeira S.A. and its subsidiary companies (Itaú Holding), prepared under the responsibility of Itaú Holding's management in accordance with the criteria described in paragraph 3. This responsibility includes designing, implementing and maintaining internal controls for appropriate drafting and presentation of the 2007 Sustainability Report and appropriate application of the criteria. Our responsibility is that of issuing a limited assurance report on the information in Itaú Holding's Sustainability Report for 2007, as represented by Volume 1 (Strategy and Businesses) and Volume 2 (Relationships and Indicators). Our assurance report relates to Volumes 1 and 2. In relation to Volume 1, the information included in the following sections was part of our review:

- ➔ Competitive Differentials: Dow Jones;
- ➔ Sustainable Value Bank: Support for the Expansion of Microfinance, Socio-environmental Risk Analysis (Itaú BBA, Itaú Holding and On-lending), Seminar on Ecuador Principles and Vision, Principles and Values;
- ➔ Management: Ethics, Policy for Preventing and Combating Illicit Acts, Money Laundering and Corruption Prevention Policy, Information Security and Privacy Policy and Donations to Political Campaigns; and
- ➔ Banco Itaú S.A. Banking (Small and Medium Businesses) and Fund and Portfolio Management (RF Eco-change Fund and Itaú Social Excellence Fund).

2. Our limited review was conducted in accordance with Assurance Standard and Procedure - NPO-01 issued by the Institute of Independent Auditors of Brazil (Ibracon) and thus comprised: (i) planning the work in light of the materiality and volume of the information presented in Itaú Holding's Sustainability Report; (ii) obtaining an understanding of internal controls, (iii) verification, on a test basis, of evidence supporting the Sustainability Report's quantitative and qualitative data; (iv) interviews with managers responsible for compiling the information; and (v) checking information of a financial nature against the accounting records. The procedures applied above were considered sufficient to enable us to provide a limited level of assurance and, consequently, do not include those required to issue a broader assurance report, as described in Assurance Standard and Procedure NPO-01.
3. The purpose of our limited review was to verify and evaluate whether the data included in Itaú Holding's Sustainability Report, in relation to the obtaining of qualitative information and the measurement and calculations of quantitative information, is presented in accordance with the following criteria: (i) Brazilian Accounting Standard NBCT 15 - Information of a Social and Environmental Nature; and (ii) Global Reporting Initiative (GRI G3) guidelines for sustainability reports. The opinions, historical information, descriptive information and other items subject to subjective evaluations are not within the scope of our limited review.
4. Based on our review, we are not aware of any material modification that should be made to the information contained in Itaú Holding's Sustainability Report, as described in the first paragraph, relating to the year ended December 31, 2007, for this data to be appropriately presented, in all material respects, in relation to the criteria used in the third paragraph.

São Paulo, March 26, 2008.

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

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

# AA1000 – statement of assurance

## Scope and Methodology

Since 2006, BSD (Business Sustainability Development) in Brazil has acted as provider of assurance for Banco Itaú Financial Holding S/A's process of accountability, and ethics and sustainability management.

BSD performs this task independently and no member of BSD's team currently maintains consulting agreements or other commercial ties with Itaú Holding that might affect appropriate performance of the task, nor did any member do so during the period of monitoring the process.

The scope of this statement of assurance covers the activities as stated in the Sustainability Report issued by Banco Itaú Financial Holding S/A, including Banco Itaú's operations, the respective business units, and Banco Itaú BBA. The report includes the cycle of engagement from March 2006 to February 2007. Verifying the reliability of the data in the Sustainability Report was not part of the work of BSD, since this task was performed by another auditing company.

The evaluation of the management process and the report was based on two main tools that reflect the models used by the company:

**A.** To measure **progress made by the company's sustainability reporting**, the tools used were "Relata®", developed by BSD, which ensures continuity for the process of evaluating the Social Balance and Annual Report of Itaú Holding Financeira S/A initiated in 2005. The three tools in the "Relata®" family reflect three axes in the analysis of the report:

- ➔ The "Relata®" tool poses an evaluation of the performance of the report conducted by the BSD team's specialists.
- ➔ The "Relata GRI®" tool performs a qualitative and quantitative analysis to obtain an index of adherence to GRI-G3 indicators.
- ➔ The "Relata Stakeholders" tool consists of the analysis of the Bank's report by representatives of strategic publics.

**B.** The verification of the ethics and sustainability management process follows the guidelines set by the AA1000AS (*AccountAbility 1000 Assurance Standard*). This is an ongoing task and consists of a series of regular meetings with the team responsible to monitor implementation of the AA1000 process, taking part in different dialogue sessions with groups of stakeholders, checking internal documents, and running sampling and testing for material issues taken up in the process of engagement with the different strategic publics.

During this period covered by the report, Itaú succeeded in better synchronization between the cycle of producing the report and the elements of management of those interested, and this fact facilitated monitoring and contributed in the sense of enhancing the consistency of the process.

## Main conclusions

### A. Progress made in the sustainability reporting process

In this measurement period, Banco Itaú Holding Financeira S/A showed significant progress in adherence to the Global Reporting Initiative (GRI) criteria, as shown by the indices of the "RelataGRI®" tool. In relation to the reporting period covering the year of 2007, this progress was accompanied by the transition from the 2002 version of GRI to the G3 version of the GRI guidelines used to compile the 2007 report.

	Adherence to essential GRI criteria (RelataGRI®)	Adherence to essential and additional GRI criteria (RelataGRI®)	Evaluation using the Relata® tool – maximum score 200 points	Evaluation using the Relata Stakeholder® tool with stakeholders
RA/BS 2004	55%	50%	128	-
RA/BS 2005	72%	58%	138	171 (of 200)
RA/BS 2006	79%	66%	157 (Benchmark 176)	159 (of 200)

According to the analysis made by BSD's team of specialists, the Bank made substantial progress in its responsiveness to the requirements of the leading international model for Sustainability Reports, gradually increasing the number of indicators on which it responded, and showing better adherence to the principles established by GRI.

The lower score resulting from the stakeholder evaluation of the 2006 report was explained by better alignment of consultation with the company's AA1000 process, which led to more qualified composition of the analysis group, showing significantly higher capacity in terms of critical analysis of the accountability statements of Itaú Holding Financeira S/A.

The outcomes of the dynamic of stakeholder evaluation are detailed on page 122 of this report. Here we merely emphasize two main needs originating from the analyses made by BSD and that of the stakeholders: there is a primary need for more in-depth application of environmental indicators. A deficiency was found in relation to the principle of equilibrium, which calls for a more transparent approach to negative events or critical issues raised by stakeholders.

### B. Monitoring the AA1000 process of dialogue with interested parties

The main conclusions from monitoring AA1000 implementation are set out below in relation to the overarching principles of AA1000AS: completeness, materiality, and responsiveness.

## Completeness

The principle of completeness relates to the association of the company's activities with the organization's performance from the point of view of sustainability.

In 2007, the period covered by the report, the bank entered the first cycle of incorporating the AA1000 standard after a learning cycle concluded in February 2006, when the basis was established for engagement with interested parties by identifying the stages of existing dialogues and the main themes for engagement.

In the period covered by this Assurance Statement, different forms of engagement with stakeholders were opened up or redesigned to comply with AA1000 principles. These activities – which go beyond legal or regulatory obligations for the sector – were monitored by the assurance statement provider and proved to be effective forms of dialogue and engagement.

We show a summary of the main activities monitored in the table below:

Public	Activities influenced by AA1000	Results in the reporting period
Employees	<ul style="list-style-type: none"> <li>• Speak Out</li> <li>• SA8000 Implementation</li> <li>• Ombudsman</li> </ul>	<ul style="list-style-type: none"> <li>• 80% Speak Out survey response</li> <li>• Initiate analysis of compliance with SA8000 standards for management of employment relations</li> <li>• Introduction of ombudsman for employees</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Implementation SA8000</li> <li>• Planning Forum</li> <li>• Training security guards</li> </ul>	<ul style="list-style-type: none"> <li>• Initiate analysis against SA8000</li> <li>• Selection of key supplies for dialogue</li> <li>• Evaluation of training content</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>• APIMEC Meetings</li> <li>• Conference calls</li> </ul>	<ul style="list-style-type: none"> <li>• Sixteen APIMEC meetings held</li> <li>• 4 conference calls through IR website</li> </ul>
Customers and Consumers	<ul style="list-style-type: none"> <li>• PROBARE code of conduct (Relationship Sector Self -Regulatory Program)</li> </ul>	<ul style="list-style-type: none"> <li>• Adherence to PROBARE Code (Call Centers, SAC)</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Sustainability conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of the "Sustainability on the agenda" relationship forum</li> </ul>
All	<ul style="list-style-type: none"> <li>• Engaged in assessing the report</li> <li>• Inclusion in creation of socioenvironmental loan policy for business (legal entity)</li> </ul>	<ul style="list-style-type: none"> <li>• Active participation of stakeholders in Relata Stakeholder<sup>©</sup></li> <li>• Participation of representatives of different groups in validation of the socioenvironmental credit policy and In Relata Stakeholder<sup>©</sup></li> </ul>



Itaú Holding Financeira S/A is developing relationship indicators and selecting key engagement themes for all publics with whom it has relations. This process has already been initiated in the case of customer and consumer relationship, relationship centers and the Tati segment. There are plans for involving all stakeholder relationship units in creating these indicators.

## Materiality

The materiality concept in the ambit of the accountability commitment for non-financial indicators defined by GRI and AA1000 refers to the relevance that management themes have for the company's social, environmental and economic impacts (internal factors) and for stakeholders' opinion of the organization's performance (external factors).

Internally Banco Itaú Holding Financeira S/A started a series of studies in this sustainability management cycle that will help to provide more materiality for the process. We may mention as key outcomes the following activities:

- ➔ Improvement of materiality matrix used for the AA1000 process seeking alignment with the principles contained in the standard
- ➔ External evaluation of Ethics Policy
- ➔ Creating a sustainability map to emphasize sustainability policy and integration of indicators based on the main commitments ("Itaú sustainability scale" including: Global pact, GRI, DJSI, ISE, etc.)
- ➔ Itaú System for Integrity and Alignment
- ➔ Adherence to SA8000 criteria for managing employment relations

Those efforts seek mainly to work on internal factors for management materiality. We also verified a deficiency in the inclusion of the stakeholder perspective, which may be improved. In the case of the creation of Socioenvironmental Credit Policy and evaluation of the Social and Environmental Balance, this inclusion has advanced and the materiality principle is fully implemented.

Below we submit the result of a summary materiality test conducted by BSD's team following GRI guidelines.

### Internal materiality factors

Main organizational values, policies and strategies, operational management systems, objectives and goals.	Integration is in a phase of consolidation.
Interests / expectations of stakeholders directly involved in the success of the organization.	The stakeholder dialogue process has now been initiated and is in a phase of enhancement.
Identification and inclusion of the main risks for the organization. Critical factors for organizational success.	Economic risks are fully recognized, but more focus on environmental and social risk is needed.
Identification of the essential competences of the organization and the way in which they contribute to sustainable development.	Lack of in-depth analysis of the competences of the organization in this theme.

### External materiality factors

Main sustainability interests / issues and indicators raised by stakeholders.	The process has now been initiated, but there is still room for improvement.
Main themes and futures challenges of the sector reported by peers and the competition.	Economic challenges are taken up, but they are not as yet the main critical issues discussed by society (e.g. interest rate policy, taxation)
Regulations, laws, international agreements, or voluntary agreements that are strategically important for the organization and its stakeholders.	This factor is fully complied with and proactively consolidated (Probare, Itaú Sustainability Scale).
Impacts, risks or sustainability opportunities identified by reliable external researchers.	The main impacts and sustainability risks for the bank are not shown from the point of view of specialized research (climate change, for instance).

Within the results summarized above, we would highlight a point to work on from the materiality point of view, which is the inclusion of critical themes such as policy on interest rates and taxation. In a period of record profits in the banking segment, this subject is highly relevant for consumers and society in general. Itaú's official communication policy does not at this time tackle this theme with the required pro-activity and we recommend including the subject on the agenda of dialogues for the company.

## Responsiveness

The responsiveness principle refers to the indicators reported in response to specific stakeholder concerns and interests.

By setting targets in the report and initiating an extensive process of engagement with stakeholders, the company shows that it has a clear commitment to progress in ethics and sustainability management. The creation of the socioenvironmental credit policy for organizations with stakeholder involvement, and reassessment of the content of training courses for security guards in relation to Human Rights show that the bank made an effort to respond to two issues raised as criticism in the Assurance Statement issued by BSD for 2006: the commitment to the development of environmental performance indicators and full compliance with the GRI-G3 HR8 indicator (security personnel training).

## Summary

BSD takes the view that Banco Itaú Holding Financeira S/A has consolidated the process of engaging with strategic publics in the period covered by the report and has been successful in influencing or creating different forms of dialogue to ensure that stakeholder expectations are more integrated with management. Processes such as the inclusive creation of socioenvironmental credit policy for business show real commitment to AccountAbility principles and the recommendation is that this commitment be extended in the next cycle, with the objective of unrestrictedly including the main critical issues being raised by society in relation to sustainability for financial companies.

*São Paulo, March 12, 2008*

*BSD Consulting*

*Beat Grüninger, Associate Sustainability Assurance Practitioner IRCA, No. 1189266*

# Evaluation of 2006 Annual Report and Social Balance

The evaluation of Itaú Holding's Annual Report and Social Balance by representatives of its stakeholders is part of the strategic process of dialogue with interested parties. A workshop with the participation of 24 internal and external stakeholders was held on June 28, 2007, at the Steel Business Center in São Paulo, with the task of analyzing the contents of the 2006 reports.

The group evaluated the 2006 Annual Report and Social Balance using Relata Stakeholder®, a tool devised by BSD consultants that provides for evaluation of the reports considering a total of 10 aspects: completeness, period and inclusion, explanation of sustainability, company management, indicators, auditing, communication and access, and overall impression.

On the group's critical evaluation, the report scored 159 out of a possible total of 200 points, a result comparable to the score attributed by the specialists on the BSD team, who analyzed the report separately and awarded the publication 157 points.

In general, the report was very well appraised, since Itaú Holding shows constant evolution in terms of sustainability practice and the reporting process. In the evaluation workshop, we noted a high level of involvement of all interested parties, who are becoming increasingly demanding in relation to Banco Itaú.

The groups represented at the evaluation workshop – including environmental specialists, suppliers, representatives of the community and employees – emphasized the importance of sustainability being more closely integrating with business and having socioenvironmental data becoming as consistent as financial data.

The most significant comments made by stakeholder representatives in relation to the content of the report and its underlying processes were:

- ➔ Environmental indicators should be shown more realistically using graphs, and more discerning analyses should be made in relation to these data.
- ➔ It is important to show critical points and negative events more clearly; this would contribute to the construction of a more realistic image of the company.
- ➔ Disclose important initiatives for employees that are considered standard setters in the sector, such as variable remuneration and the reintegration program for employees' temporarily absent for health reasons.
- ➔ Develop management systems for environmental and social issues, as well as a sustainability policy.
- ➔ Involve stakeholders in drafting the report, incorporating their comments at the production stage.
- ➔ Develop supplier-management systems.
- ➔ Develop an information management system (collect and monitor indicators) for the report.

In relation to coverage, the main criticism referred to the lack of information on the integration of Bank Boston and more consistent data on Banco Itaú's environmental impact, since there is great potential for indirect influence through financial instruments.

(Registered by BSD)

# GRI - supplements



As a publicly held company, Itaú Holding publishes its financial statements in accordance with generally accepted accounting principles and/or those contained in the current legislation. Since 2004, reporting has been based on the guidelines and indicators suggested by the Global Reporting Initiative (GRI), an independent institution that covers several segments (business sector, financial market, consulting services, non-government organizations, environmentalists, the academic sector, government representatives, UN agencies, and others), whose mission is to raise the standards of sustainability reports to the same level as financial reporting.

We have fully adopted this year the third version of the GRI indicators released at the end of 2006. Itaú Holding believes that this report has satisfied the A level application, which demonstrates the extent of the application of the GRI Report Structures according to that shown in the table below. Based on the assurance of PricewaterhouseCoopers and the review of the GRI, which approval stamps are shown at the top of this page, the maximum level of the GRI Report Structures application has been granted, represented by the symbol A+, to the 2007 Banco Itaú Holding Financeira S.A. Sustainability Report.

GRI report level of application		A+
Content	All profile indicators	Limited Assurance Report
	Management approaches for all indicator categories	by PwC and checked by GRI
	All key performance indicators and 18 additional indicators	

The list below refers to the pages of the three volumes comprising this Sustainability Report: Strategy and Business (Volume 1), Relationships and Indicators (Volume 2) and Management Analysis and Financial Statements (Volume 3).

Legends:

V1 - Volume 1 (Strategy and Business)

V2 - Volume 2 (Relationships and Indicators)

V3 - Volume 3 (Management Analysis and Accounting Statements)

## General indicators

P.

### Strategy and analysis

- 1.1. Statement on the relevance of sustainability ..... V1 – 13 to 18
- 1.2. Description of principal main impacts, risks and opportunities ..... V1 – 6, 7, 17, 18, 23, 24, 52 to 56

### Organizational profile

- 2.1. Organization's name ..... Covers
- 2.2. Principal brands, products and/or services ..... V1 – inside cover, 59 to 91
- 2.3. Operational structures ..... V1 – inside cover
- 2.4. Location of the organization's headquarters ..... inside covers
- 2.5. Number of countries and name of those relevant for sustainability ..... V1 – inside cover, 84 to 91
- 2.6. Type and legal nature of property ..... V3 – Note 1
- 2.7. Markets served ..... V1 – inside cover, 84 to 91
- 2.8. Scale of the organization ..... V1 – inside cover
- 2.9. Main changes during the period covered by the report ..... V1 – inside cover
- 2.10. Awards received in the period covered by the report ..... V2 – 110, 111

### Parameters for the report

#### Profile of the report

- 3.1. Period covered by the report ..... 2007
- 3.2. Date of the most recent previous report ..... 2006
- 3.3. Report issuing cycle ..... annual
- 3.4. Contact details ..... V1 – 94, 95

#### Scope and limits of the report

- 3.5. Process for defining contents of the report ..... V1 – 3
- 3.6. Limit of the report ..... V1 – 3
- 3.7. Limitations as to the scope or limits of the report ..... V1 – 3
- 3.8. Basis for compiling the report ..... V1 – 3
- 3.9. Data measurement techniques and calculation basis ..... V1 – 39, 40 and 56 and V2 – 15, 16, 23, 34, 40, 106 to 109
- 3.10. Consequences of reformulations of information ..... V2 - 35
- 3.11. Significant changes in comparison with previous years ..... There are none

### Summary of GRI Contents

- 3.12. Table identifying location of information ..... V2 – 124

### Verification

- 3.13. Current policy and practice for outside verification of the report ..... V2 – 114 to 121

### Governance, Commitments and Engagement

#### Governance

- 4.1. Organization's governance structure ..... V1 – 31
- 4.2. Inform if the president of the highest body of governance is also an executive director ..... The Chairman of the Board of Directors does not hold a position on the Executive Board.
- 4.3. Declaration of the number of independent or non-executive members of the highest body of governance ..... V1 – 32
- 4.4. Mechanisms for shareholders and employees to make recommendations to the highest body of governance ..... V1 – 32
- 4.5. Ratio between remuneration for members of the highest body of governance, executive management and other executives, and the organization's performance ..... V1 – 48, V3 and Note 15e



4.6. Procedures of the highest body of governance to avoid conflicts of interest	V1 – 33
4.7. Procedure to determine qualifications and knowledge of the members of the highest body of governance	V1 – 32
4.8. Statements of mission and values, codes of conduct and internal principles	V1 – inside cover, 19, 49
4.9. Procedures of the highest body of governance for supervising the management of economic, environmental and social performance	V1 – 14, 31, 32
4.10. Processes for self-assessment of the performance of the highest body of governance	V1 – 32
<b>Commitments to External Initiatives</b>	
4.11. Principle of precaution	V1 – 52, 54
4.12. Charters, principles or other initiatives the organization signs	V1 – 20, 21
4.13. Participation in national /international defense associations and/or organisms	V2 – 112, 113
<b>Stakeholder Engagement</b>	
4.14. List of stakeholder groups engaged by the organization	V2 – 5
4.15. Basis for the identification and selection of stakeholders	V2 – 7, 8, 9
4.16. Approaches to engaging stakeholders	V2 – 7, 8, 9
4.17. Main issues and concerns raised by stakeholders	V2 – 10 to 69
<b>Performance indicators</b>	
<b>Economic performance</b>	
<b>Approach to the form of economic management</b>	
EC1. Direct economic value generated and distributed	V1 – 10, 14, 17 and V3 – 3 to 6
EC2. Financial implications, risks and opportunities due to climate change	V2 – inside cover
EC3. Coverage of the obligations of pension benefit plan	V2 – 102
	V2 – inside cover, 27, 28 and V3 – Note 18
EC4. Significant financial assistance from government	Itaú Holding did not receive any significant financial assistance from government in 2007.
	V2 – 27
EC5. Changes in the proportion of the lowest salary paid compared with the national minimum wage	V2 – 27
<b>Presence in the Market</b>	
EC6. Local suppliers - policies, practices and expenses	V2 – 42 to 45
EC7. Procedures for local recruiting and proportion of members of senior management recruited in the local community	There are none.
<b>Indirect economic impacts</b>	
EC8. Investments in infrastructure and services	V2 – 96 to 99, 108
<b>Environmental performance</b>	
<b>Approach to the form of environmental management</b>	
	V1 – 13, 14 and V2 – 101 to 108
<b>Materials</b>	
EN1. Materials used	V2 – 109
EN2. Percentage of materials used derived from recycling	V2 – 109
<b>Energy</b>	
EN3. Direct energy consumption	V2 – 105
EN4. Indirect energy consumption	Owed to the fact that Itaú Holding is located in over 1,000 towns throughout all regions of Brazil, it has several electrical power suppliers, which makes it impossible to compile the information requested at this time. The Organization will try to meet this request over the medium term.
<b>Water</b>	
EN8. Total water withdrawal	V2 – 104
EN9. Water sources significantly affected by withdrawal of water	All water consumed comes from the public supply.
EN10. Total volume of recycled and reused water	V2 – 104
<b>Biodiversity</b>	
EN11. Area in protected areas, or adjacent to them, and areas of high biodiversity index outside protected areas	There are none, since units are in urban areas.
EN12. Description of significant biodiversity impacts	There are none, since units are in urban areas.
EN13. Protected or restored habitats	There are none, since units are in urban areas.
EN14. Strategies, measures in force and future plans for managing biodiversity impacts	There are none, since units are in urban areas.
EN15. Numbers of species on the IUCN Red List and local conservation lists	There are none, since units are in urban areas.
<b>Emissions, Effluents and Wastes</b>	
EN16. Total direct and indirect emissions of greenhouse-effect gases	V2 – 107
EN17. Other relevant indirect emissions of greenhouse-effect gases	V2 – 108
EN18. Initiatives to reduce emissions of greenhouse-effect gases	V2 – 107, 108
EN19. Emissions of ozone layer corrosives	There are none.
EN 20. NOx, SOx and other significant atmospheric emissions	There are none.
EN21. Total water disposal by quality and destination	V2 – 104
EN22. Total weight of wastes, by type and disposal method	V2 – 106
EN23. Total number and volume of significant spillages	There were none, since Itaú Holding activities do not involve significant use of chemicals, oil or fuel.
<b>Products and Services</b>	
EN26. Initiatives to mitigate environmental impacts of products and services	V1 – 15, 16, 67, 85
EN27. Percentage of products and packages recovered in relation to total products sold	As a financial institution, Itaú Holding does not cause significant product or packaging related environmental impact.
<b>Compliance</b>	
EN28. Significant fines and total number of non-monetary sanctions resulting from non compliance with environmental law and regulations	None
EN29. Environmental impacts of transportation of products and other goods and materials, and employee transport	V2 – 107, 108
EN30. Total environmental protection investments and expenses by type	V2 – inside cover

## Global Reporting Initiative (GRI)

### Social performance - Employment Practices and Decent Conditions

Approach to the form of social management - Employment aspect ..... V1 – 19, 28, 32 and V2 – 14 to 41

#### Employment

LA1. Total employees by type of job, collective agreement and region.....	V2 – 15 to 17
LA2. Total number of employees and turnover .....	V2 – 16
LA3. Benefits offered to fulltime employees that are not offered to temporary part-time employees.....	V2 – 29

#### Relations between Employees and Governance

LA4. Percentage of employees covered by collective bargaining agreements.....	V2 – 38
LA5. Minimum advance notification of operational changes.....	V2 – 38

#### Workplace Health and Safety

LA6. Percentage of employees active in formal health and safety committees .....	V2 – 34
LA7. Injuries, occupational illness, days lost, absenteeism and deaths .....	V2 – 34
LA8. Education, training and counseling programs, prevention and risk control for employees, their relatives or members of the community in relation to severe illness .....	V2 – 30
LA9. Health and safety related themes covered by formal agreements with unions .....	V2 – 34

#### Training and Education

LA10. Average hours training.....	V2 – 23
LA11. Programs for management of competencies and continuous learning .....	V2 – 41
LA12. Percentage of employees regularly given analyses of performance and career development .....	V2 – 26

#### Diversity and Equal Opportunities

LA13. Composition of groups responsible for corporate governance and other employees .....	V2 – 40
LA14. Proportion of basic wage men / women .....	V2 – 41

### Social performance - Human Rights

Approach to the form of social management - Human Rights aspect ..... V1 – 19 and V2 – 38, 44

#### Investment and Purchasing Practices

HR1. Significant investment contracts including human rights terms .....	V1 – 15
HR2. Contractors and critical suppliers submitted to human-rights related assessments.....	All 800 critical suppliers are appraised on socioenvironmental responsibility criteria. In 2007, there were no records of suppliers committing abuses.

#### Non-discrimination

HR4. Total number of cases of discrimination.....	None
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#### Freedom of association and collective bargaining

HR5. Operations in which the right of exercising freedom of association and collective bargaining may be at risk .....	Not applicable
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#### Child labor

HR6. Operations in which risk of child labor being involved .....	Not applicable
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#### Forced work or near-slavery

HR7. Operations of risk of occurrence of forced work or near-slavery .....	Not applicable
HR8. Percentage of security personnel given training in human rights .....	100%
HR9. Total number of cases of violation of rights of indigenous peoples .....	Not applicable - branches in urban areas.

### Social performance – Society

Approach to the form of social management - aspect Society ..... V1 – 13 V2 – 64, 67, 71, 72 to 93

#### Community

S01. Programs and practices to evaluate and manage impacts of operations on communities .....	V2 – 69
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#### Corruption

S02. Units submitted to evaluations of corruption risk .....	V1 – 48, 50
S03. Employees trained in anti-corruption policies and procedures .....	V2 – 18, 19
S04. Measures taken in response to cases of corruption .....	There were no cases of corruption.

#### Public policies

S05. Participation in elaboration of public policies and lobbies .....	V2 – 69, 72, 74
S06. Contributions to political parties .....	V1 – 51

#### Compliance

S08. Fines and non-monetary sanctions due to non-compliance with law and regulations .....	In 2007, Itaú Holding's companies paid a total of R\$ 1,270,630.00 in 114 cases of non-compliance with Susep (insurance industry supervisory body) regulations and a total of R\$ 20,400.00 for irregularities indicated by the Central Bank of Brazil.
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### Social performance – Responsibility for product

Approach to the form of social management - aspect Responsibility for Product ..... V2 – 46, 47

#### Client Health and Safety

PR1. Evaluation of health and safety impacts on life cycles of products and services .....	V1 – 15, 16, 51 V2 – 49, 54
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#### Labeling products and services

PR3. Labeling procedures .....	V2 – 49, 54
PR5. Practices related to client satisfaction, including satisfaction surveys .....	V2 – 50, 52, 57, 58

#### Marketing Communications

PR6. Adherence to marketing laws, standards and voluntary codes, including publicity, promotion and sponsorship .....	The Organization follows its corporate Code of Ethics, ISO manuals, Conar, Abermd and CDC rules.
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#### Compliance

PR9. Fines for non-compliance with laws and regulations relating to supply and use of products and services .....	V2 – 56
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# Communication and services channels

## Corporate information

### Central office

Praça Alfredo Egydio de Souza Aranha, 100  
Torre Itaúsa  
CEP 04344-902 - São Paulo - SP  
[www.itaui.com.br](http://www.itaui.com.br)

### Investor Relations – Contact

Geraldo Soares  
Superintendent  
Investor Relations

Praça Alfredo Egydio de Souza Aranha, 100  
Torre Conceição – 11º andar  
CEP 04344-902 – São Paulo – SP  
Tel.: (0xx11) 5019 1549  
Fax: (0xx11) 5019 1133  
e-mail: [relacoes.investidores@itau.com.br](mailto:relacoes.investidores@itau.com.br)  
[www.itaui.com.br](http://www.itaui.com.br)

### Investfone call center

#### Exclusive for shareholders

Tel.: (0xx11) 5029 7780  
Fax: (0xx11) 3274 3120  
Business hours:  
Monday - Friday, 9 am - 6 pm

#### Shareholder service

**Belo Horizonte – MG**  
Av. João Pinheiro, 195 – Térreo  
CEP 30130 180

**Brasília – DF**  
SCS Quadra 3 – Ed. Dona Angela  
Sobreloja CEP 70300 500

**Curitiba – PR**  
Rua João Negrão, 65 – Sobreloja  
CEP 80010 200

**Porto Alegre – RS**  
Rua Sete de Setembro, 746 – Térreo  
CEP 90010 190

**Rio de Janeiro – RJ**  
Rua Sete de Setembro, 99 – Subsolo  
CEP 20050 005

**Salvador – BA**  
Av. Estados Unidos, 50 – 2º andar  
Ed. Sesquicentenário  
CEP 40010 020

**São Paulo – SP**  
Rua XV de Novembro, 318 – Térreo  
CEP 01013 001

**Other localities**  
Banco Itaú S.A. branches

### Customer service

#### Bankfone Customer Support

State capitals and other  
metropolitan regions: 4004 4828 (\*)

Other localities: 0800-0118944

(\*) No need to dial the area code

#### Talk To us – Internet Customer Support

[www.itau.com.br](http://www.itau.com.br)

#### Itaú Corporate Ombudsman

0800 5700011  
Caixa Postal: nº 67.600 – São Paulo/SP  
CEP 03162-971

(\*) No need to dial area code

Corporate ombudsman –  
response service for Procons and entities

Praça Alfredo Egydio de Souza Aranha, 100,  
Torre Conceição, 6º andar.  
CEP 04344-902 São Paulo/SP  
0800 7214828  
[itaubanco.procon@ouvidoriaitau.com.br](mailto:itaubanco.procon@ouvidoriaitau.com.br)

#### Central Bank of Brazil Servicing Group

Praça Alfredo Egydio de Souza Aranha, 100,  
Torre Conceição, 6º andar.  
CEP 04344-902 São Paulo/SP

State capitals and other  
metropolitan regions: 4004 1244

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Fax: Option 2 – initial menu

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