



**Banco Itaú Holding Financeira S.A.**

**Social Report  
2005**



# Introduction

Itaú's activities for the year 2005 are described in its Annual Report and its Social Report. The Annual Report deals with information on strategic management and economic and financial results, while this Report describes the Organization's social and environmental achievements.

Itaú began systematically publishing non-financial information ten years ago, in its 1994 Annual Report. Since then disclosure to its strategic stakeholders has grown in scope and transparency. The first Social Report was published in 1999. In 2004, the Annual Report and the Social Report adopted the guidelines and indicators recommended by GRI – Global Reporting Initiative, an international entity that has developed the only internationally accepted model for social report. Itaú will continue to gradually adapt its reports to the GRI principles and further enhance these communication vehicles.

The preparation of the Annual Report and the Social Report involves many areas of the Bank, in order to achieve as broad as possible a scope. The Annual Report is submitted to Itaú's Disclosure Committee for approval. Starting 2005, the Social Report will be submitted for approval to the Bank's Socio-environmental Responsibility Executive Committee. The information in the Social Report has also been submitted since 2003 to independent verification by specialists at PricewaterhouseCoopers Auditores Independentes.

Itaú's Annual Reports for 1997 onwards and the Social Reports for 1999 onwards can be accessed by internet on the [www.itaui.com.br](http://www.itaui.com.br) website.

The 2005 Annual Report and Social Report cover the period from January 1 2005 to December 31 2005. The 2005 reports are in general consistent and comparable with the data published for 2004 and the methods of preparing the economic and financial as well as the socio-environmental information are largely the same. The Organization did not significantly change the nature of its activities in 2005.

# Strategic Stakeholders

During the course of 2005, Itaú completed an inventory of its strategic stakeholders as a first step towards gradually broadening its dialog with the same and building on its Corporate Social Responsibility practice.



More than **50,000** employees and over **38,000** dependents.

In excess of **16 million** customers.

Over **50,000** shareholders.

Approximately **27,000** registered suppliers.

**R\$ 5.3 billion** of taxes and contributions paid or provisioned.

**17** projects run by the Itaú Social Foundation and another 100 partnerships with and support for social institutions.

Over **100** press releases during 2005.

**58** partnerships with universities.

More than **180** community events.

**8** project finance transactions for above **US\$50 million** each analyzed under the socio-environmental criteria of the Equator Principles, to which Itaú adhered in 2004.

## Highlights

- The Bank was selected for the sixth year running – i.e. since the index was created – to be part of Dow Jones Sustainability World Index (DJSI World), consisting of companies capable of creating long-term shareholder value, due to their ability to take advantage of opportunities, while successfully managing the economic, environmental and social risks involved. Itaú is the only Latin American bank on the DJSI.
- Itaú was also selected to be part of Bovespa's Corporate Sustainability Index (ISE), created as a benchmark for socially responsible investment and as a catalyst of best practice in the Brazilian business community. Itaú has the second largest weighting on the index (17.3%).

# Service and communication channels with Strategic Stakeholders

## Customers and consumers

All Banco Itaú Branches

Customer Service – sites

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

Itaú Bankline – internet transactions

Itaú Investnet – investing portal

Itaú Prevline – pension fund products

Itaucard – credit cards

Itaumotors – vehicle finance and insurance

Itautrade – Home Broker equity trading

Itaú Internacional – international transactions

## Customer Support Services

Itaú Bankfone Customer Support – Call Center

Speak to Us – Internet-based Customer Support

Corporate Ombudsman's Office

Specific Phone Assistance by Product/Service Type

Itaú Bankfone

SOS Itaú Bankline

Foreign Exchange

Collections

Itaucard

Cartão Itaú Personalité

Itaú Credfone

Itaú Imobfone

Itaú Investfone

Itaú Insurance

Itaú Life Insurance and Pensions

CESE – Corporate Support Center

Telebloqueio check blocking

Branch and Internal Department Phones

Dial CEI Call Center

## Advertising

Commercials. Advertisements and Sites (\*)

## Compliance and Consumer Protection

Itaú Responds

Central Bank Support Group

## Shareholders and Investors

Service Centers in: Belo Horizonte (MG), Brasília (DF), Curitiba (PR), Porto Alegre (RS), Rio de Janeiro (RJ), Salvador (BA) and São Paulo (SP)

All Banco Itaú branches

IR site with detailed information, publications and presentations on Banco Itaú's results

e-mail: [investor.relations@itau.com.br](mailto:investor.relations@itau.com.br)

## Staff

Corporate Portals

Printed and Electronic material

Talk with HR Phone line – information and HR service for all employees

Branch Support Call Centers – Information on the Bank's products and services

## Social Activities

Development and Support for social projects in the fields of (primary) education and public health

Itaú Social Foundation

[www.fundacaoitausocial.org.br](http://www.fundacaoitausocial.org.br)

Banco Itaú branches

## Cultural Activities

Cultural Research into and Promotion of Brazilian Culture

Instituto Itaú Cultural

[www.itaucultural.org.br](http://www.itaucultural.org.br)





Head Office in São Paulo

(\*) Itaú adheres to Brazil's Publicity Self-Regulation Council and the Brazilian Advertising Association Code and complies with all existing regulations.



## Banco Itaú Holding Financeira S.A.

### Social Report 2005

			
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# Message from the President

Corporate Social Responsibility is at the heart of Itaú's strategy. All its activities, products and services are designed to broaden economic, social and environmental awareness within the Organization.

The year 2005 was particularly special for us, since it marked our 60th anniversary. We are proud of the vocation for development that Itaú has shown over all these decades and feel a growing sense of responsibility as regards our role in cementing the foundations of an increasingly solid Brazilian financial system.

Our activities during 2005 reflect our choice of sustainability as the concept driving our strategy and guiding the activities of all those working for the Organization. The Itaú Corporate Social Responsibility week was held for the first time in 2005 and the agenda was purposely designed to provoke discussion and broaden the awareness of our employees as regards the main elements of a strategy for sustainable results.

A commitment to ethics and transparency permeates all our activities and relations with strategic stakeholders. An important step in this direction was the decision to broaden the scope of the Ethics Committee's role in ethical climate management and to create the Superior Ethics Commission, with the job of defining the Corporate Ethics Policy Guidelines, also released during 2005.

One of the tasks of the Ethics Committee and the Superior Ethics Commission was to revise the Organization's Code of Ethics, resulting in a new version that broadens the scope of the Code and reinforces its role as a guide for the entire Organization.

In the field of customer relations, the innovative "Itaú wants to hear from you" campaign was launched. We undertook to respond to customer complaints within five working days, as part of our commitment to improved service. The Itaú Ombudsman's Office was also created as an additional forum for dialog and a further enhancement of a customer service system that has undergone continuous improvements over the past 20 years. The "Responsible Use of Credit" campaign, initiated in 2004, continued into 2005.

As befits an organization for which issues of sustainability are part of daily activities, we were listed on Bovespa's Corporate Sustainability Index (ISE) in 2005 and were included for the sixth consecutive year – i.e. since it was created – in the Dow Jones Sustainability World Index. We also started to play a





more important role in promoting the concept of sustainability in our sector of the economy by taking over chairmanship of the Sustainable Finance Chamber of the Brazilian Corporate Council for Sustainable Development (CEBDS).

Education continued to be the main priority during 2005 for the Itaú Social Foundation, one of Itaú's primary vehicles for socially responsible activities, investing R\$21.5 million in 17 different projects of its own plus another 100 partnerships and support programs for other institutions engaged in social activities compatible with the Foundation's guidelines.

The Itaú Cultural Institute continued working to broaden access to culture, investing R\$25.5 million. High points were the "The Body in Contemporary Brazilian Art" exhibition and the "Digital Kinetics" exhibition, visited by over 130,000 people.

Our plan for 2006 is to continue investing in activities, products and services intended to provide increasingly clearly evidence of our commitment to Brazilian society.

We hope that this Social Report will provoke reflection, prompt new suggestions and inspire those sectors of the public with which we interact to join us in our proposed Corporate Social Responsibility activities.

Good reading!

**Roberto Egydio Setubal**

President and CEO of Banco Itaú Holding Financeira S.A.

# R\$ 47 million

**invested by the Itaú Social Foundation  
and the Itaú Cultural Institute**

# Principles and values

The principles underlying Itaú's cultural structure are the recognition of individual value, strict compliance with rules and regulations, ethical behavior and an unflagging vocation for development.

A commitment to practicing and sharing values is part of the Itaú heritage. Respect for people, ethical behavior, strict compliance with the law and a vocation for development are principals on which the Bank's culture is founded and its activities based.

## A Culture of Performance

Itaú believes that sustainability is the result of sharing values that induce progress, in harmony with the market and Brazilian society. This belief was the inspiration behind the Performance Culture Project, launched in 2005 and intended to lead to a broader understanding and constant evolution of the Itaú culture.

## Shared Principles

### Global Compact

Itaú is a signatory to the Global Compact, a United Nations initiative bringing together organizations committed to promoting sustainable development. The ten principles are:

### Human Rights

1. Respect and protect human rights.
2. Prevent abuse of human rights.

### Labor

3. Uphold freedom of association and the right to collective bargaining.
4. Elimination of forced or compulsory labor.
5. Abolition of child labor.
6. Elimination of discrimination in the work place.

### Environment

7. A precautionary approach to environmental challenges.
8. Promote environmental responsibility.
9. Encourage environmentally friendly technologies.

### Anti-Corruption

10. Work against all forms of corruption, including extortion and bribery.





### Millennium Goals

Itaú also makes an active contribution towards compliance by Brazil with the Millennium Development Goals as laid out in the UN-sponsored Millennium Declaration. The 189 countries that signed up for the goals committed to a minimum set of conditions for sustainable development by the year 2015:

- Eradicate extreme poverty and hunger.
- Achieve universal primary education.
- Promote gender equality and empower women.
- Reduce child mortality.
- Improve maternal health.
- Combat HIV/Aids, malaria and other diseases.
- Ensure environmental sustainability.
- Develop a global partnership for development.
- In acknowledgement of its activities in the field of education, the Itaú Social Foundation was the only corporate-owned entity to receive the Millennium Development Goals – Brazil – Award in 2005, in the Organizations category, for its Writing the Future program.

The Award is an initiative of the Federal Government of Brazil, the United Nations Development Program (UNDP) and the National Movement for Civil Rights and Solidarity.

The intention is to: encourage, recognize and give maximum visibility to practices that contribute towards the Millennium Development Goals; build up an inventory of successful practices as a public policy benchmark for government administration and society; and publicly acknowledge endeavors to achieve the Millennium Development Goals.

### Equator Principles

Banco Itaú and Banco Itaú BBA signed up for the Equator Principles in 2004, under which they commit to take into account environmental risks and impacts when approving financing for projects in excess of US\$50 million. The review of the economic, social and environmental implications of such projects should be based on the guidelines established by the International Finance Corporation (IFC), a World Bank subsidiary. Eight such projects have been analyzed since adopting the Principles.

Itaú has in fact extended the philosophy of the Equator Principles and has started using socio-environmental criteria when analyzing project finance proposals of less than US\$50 million for medium-sized companies. By the end of 2005 it had financed 73 such projects for a total amount of R\$157 million.

## Principles and values

In August 2005 Itaú was granted a US\$100 million credit line by the IIC (Inter-American Investment Corporation) for on-lending to small and medium-sized companies, based on their socio-environmental track record.

### Ethics

#### New Code of Ethics

Itaú came out with its first Code of Ethics in 2000, incorporating the values that had served to guide it and help create its image of a solid, modern reliable company for many years already. The first revision was in 2003, to adapt it to the requirements of the US Sarbanes-Oxley law.

The Code of Ethics was submitted to a new and profound revision in 2005, intended to broaden and clarify the commitments contained therein and shift the emphasis from disciplinary measures to the Code as a guide. The aim was to achieve greater employee involvement and make it easier to disseminate the values that are central to the institution's identity. Some 300 directors and supervisors contributed to the drafting of the new Code. All employees were invited to join the Bank in validating the document by means of a public hearing of the Code on the Bank's Intranet. A total of 3,400 questionnaires were answered and 600 suggestions received.

Following validation by employees, management and external consultants, the new text was approved by the Ethics Committee and ratified by the Superior Ethics Commission. The new code was initially re-issued to staff alone. It will be extended to other strategic stakeholders during 2006.

The roll-out of the new Code of Ethics was extended through an e-learning program, in which approximately 39.000 employees are expected to participate in 2006.

The revisions to the Code of Ethics have brought it much closer to actual practice than to good intentions alone. This dynamic process is further evidence of Itaú's efforts to embed these values in its business dealings and refine and enhance its corporate culture.

#### Ethics Policy in Practice

The mission of the Superior Ethics Commission, created in 2005 and chaired by the CEO of Banco Itaú Holding Financeira S.A., is to establish guidelines for the Corporate Ethics Policy and coordinate any revisions of the Code of Ethics.

The Itaú Corporate Ethics Policy, also introduced in 2005, provides the structure, procedures, benchmarks and responsibilities for implementing, disseminating, monitoring and maintaining the Bank's ethics program.

Policy implementation is supported by: sectorial committees for monitoring ethical standards at the principal business units; sectorial codes of conduct that take into account the characteristics of each area of the Organization; rules covering procedures, responsibilities and the sanctions in the event of misconduct; and the Ethics Consulting Group, an entity that measures employee perceptions regarding ethical standards and their applicability to business dealings, to their colleagues and to other strategic stakeholders.



The "Speak Freely" climate survey revealed that the majority of employees understand that they work in an ethical company, committed to a fairer business environment.

For the work done in this field, Itaú was distinguished with the Most Ethical and Best Managed Bank of the Largest Financial Institutions in Latin America Award 2005, organized by Latin Finance magazine and European consultants Management and Excellence.

### Ethical Compliance

The function of Ethical Compliance is to perfect the Bank's Ethics Policy by monitoring and ensuring that best Brazilian and international practice is incorporated. Its activities include: monitoring ethical risks and improving procedures; providing information on and upgrading the communications channels for consultation and allegations of misconduct; reporting to all interested parties; evaluating the ethical climate; training in compliance; and auditing ethical compliance.

In 2005 it worked closely with the Internal Controls and Risk Officers of the commercial area of the Bank to identify the principal risks of unethical conduct in the marketing function. Action plans, involving training and tighter controls, are being drawn up to address the risks that were identified.

### Prevention of money laundering and corruption

The prevention of money laundering and corruption is a legal obligation established by Law 9.613/98.

The Corporate Code of Ethics, the Sectorial Codes of Ethics and the Bank's internal regulations all teach employees a culture of prevention of such activities. In addition, more than 27,000 employees benefited from a broad range of training, on the premises or remote, on such issues.

Approximately 398,000 individual transactions were examined during 2005 for signs of money laundering or fraud. The procedures installed by Itaú effectively prevent the Bank from being used as a conduit for resources originating from illicit activities.

## Principles and values

### Security and Confidentiality of Information

The Security and Confidentiality of Information Committee produced a policy on the issue in 2005 that not only continued to call employees' attention to the importance of these matters, but also confirmed Itaú's commitment to total confidentiality of client information. The policy was internationally certified by the IQNet/Vanzolini Foundation, based on Good Priv@cy standards.

### Goal for 2006

- To roll out the new code of Ethics to the other strategic stakeholders: customers, shareholders, investors, suppliers, representatives of the Third Sector and public authorities.
- To provide remote training for 39,000 employees, plus on-premises training, seminars and ethics workshops for another 1,200 employees of Banco Itaú Holding Financeira on Itaú's Corporate Ethics Policy and the values of the new Code of Ethics.
- To devise procedures for upgrading information channels with strategic stakeholders, in order to strengthen relations between both parties.
- To preserve Itaú's lead in the field of Ethics, as reflected in the local and international recognition awarded and its position in the specialized rankings on issues of ethics and socio-environmental responsibility.



Learn More

About the Code of Ethics, the Confidentiality Policy, the Trading Policy and the Disclosure Policy on the IR [www.itaui.com.br](http://www.itaui.com.br) website.

### Itaú Archives

The Itaú archives were created in 2003 to collect and preserve records documenting the organization's history and its role in the economic and financial development of the country. They house a great number of documents that tell the story of the Bank from the day it was founded to the present.

As part of the 60th anniversary celebrations, the "60 years of Itaú – Looking Back and Looking Ahead" exhibition was put on during 2005, highlighting landmarks in the company's culture, using panels, videos and material from the archives themselves. The exhibition was attended by 5.500 visitors and included a visit to the Alfredo Egydio de Souza Aranha Room, where the first steps of the recently founded Organization were taken.

# Corporate Social Responsibility

Corporate Social Responsibility policies and decisions are determined by Committees and Commissions, composed of representatives from the most diverse areas of the Bank.

"Corporate or Business Social Responsibility is a management style characterized by the ethical and transparent way in which a company relates with the various sectors of the public with which it interacts and by the establishment of corporate goals compatible with sustainable development, preservation of environmental and cultural resources for future generations, respect for diversity and the commitment to reduce social inequalities"

*Ethos Institute of Corporate and Social Responsibility*

For Itaú, Corporate Social Responsibility is measured by the ethical and transparent relations that the company maintains with employees, customers, shareholders, suppliers, the authorities, NGOs, the press, business partners and the community. These relations are based on respect for others, legality and diversity, as well as a commitment to product and service quality and to preserving the environment.

The specific Itaú Corporate Governance practices embodying the concepts of transparency and accountability are commented in detail in the Annual Report and in the sections in this Social Report on the Itaú Social Foundation and the Itaú Cultural Institute. The following is a list of the Committees and Commissions in which matters relating to Corporate Social Responsibility are discussed, with the participation of representatives from many different areas of the Bank.

## Principles and values

### Corporate Social Responsibility Structure

#### Banco Itaú Holding Financeira

- Superior Ethics Commission: draws up the guidelines for Corporate Ethical Policy and revises and updates the Code of Ethics.
- Audit Committee: responsible for the quality and integrity of the financial statements, for compliance with legal and regulatory requirements, for the activities and the quality of the work carried out by Internal Audit and for the quality and efficacy of the Bank's internal controls and risk management systems.
- Disclosure and Trading Committees: their fundamental role is to manage the Bank's policies for disclosing material information and for trading in Company shares.
- Prevention and Combat of Illicit Acts Committee: defines, monitors and analyzes the results of Inspections and Itaú's anti-Money Laundering practices.

#### Banco Itaú

- Ethics Committee: responsible for Banco Itaú's business practices and for updating and standardizing sectorial codes of conduct.
- Socio-environmental Responsibility Executive Committee: defines and analyzes the results of Itaú's socio-environmental policies, brings different activities in line with others, analyzes proposals for new projects and approves the Social Report.
- Socio-environmental Responsibility Commission: monitors trends in the demands of Brazilian society, analyzes how Itaú's policies and projects fit in with such demands, defines communications priorities and suggests alternative ways of communicating Itaú's socio-environmental concepts both internally and externally and analyzes Itaú's ranking in financial sector social and environmental surveys.
- Human Resources Executive Commission: establishes Human Resources strategies and policies.
- Diversity Committee: analyzes and defines measures for promoting corporate diversity. Identifies and proposes specific action.



### Itaú Social Foundation

- Itaú Social Foundation Executive Commission: provides guidance for the Itaú Social Foundation, defining guidelines for its programs, projects and support activities.
- Itaú Social Foundation Program and Sponsorship Committee: coordinates the activities of the Itaú Social programs, evaluating programs, projects and support activities.

### Itaú Cultural Institute

- Itaú Cultural Institute Executive Committees: responsible for the Institute's administration and cultural activities.



**Itaú** uses dialog, respect and transparency to strengthen its ties with employees, shareholders, customers, suppliers, investors and the market, with clear gains for its business interests.



# 13 APIMEC

meetings held,  
attended by close  
to 2,300 people



# Shareholders and Investor

Itaú is the only Latin American bank on the Dow Jones Sustainability Index and is known for its capacity for managing economic, environmental and social risks, to the benefit of shareholders and investors.

Investor Relations Policy defines the way the Bank relates to its strategic stakeholders, which include shareholders, individual and institutional investors, capital markets analysts, regulators and domestic and international capital markets entities. Itaú's commitment is to provide clear, precise, accessible, complete and fair information about the Bank's strategy, results and forecasts.

Banco Itaú Holding Financeira hosted, during the course of 2005:

- 13 Apimec (Association of Capital Market Investment Analysts and Professionals) meetings with approximately 2,300 participants. Itaú became the first Brazilian company to hold meetings in the cities of Juiz de Fora, Uberaba and Uberlândia, state of Minas Gerais, as part of its commitment to disclosure and to encouraging a capital markets culture in Brazil.

One high point was the meeting in São Paulo, for the tenth consecutive year, with presentations by President and CEO Roberto Setubal and other Itaú executives. The event also celebrated the 60<sup>th</sup> anniversary of Itaú with a presentation on the origins and the history of the Organization from the previous century to the present day.

- 10 roadshows/conferences in the USA and Europe;
- 5 conference calls in Portuguese and English on quarterly earnings results and disclosures of material information;
- 12 presentations in Brazil at seminars and conferences on a wide variety of themes concerning to the Bank's business and to capital markets.





Communication with the market also includes the Investor Relations website, the Focus on Itaú Shares quarterly publication distributed to all shareholders, the Annual Report (hard copy and on-line), the Quarterly Earnings Report, including Management's Analysis of Operations, e-mails sent to more than 12,000 people registered with the company, press releases and the publication of disclosure of material information on the internet.



Learn More

Visit the Presentations section of the Itaú Investor Relations website. If you wish to know more about Itaú's place in the Dow Jones Sustainability World Index, go to Corporate Governance/Dow Jones. To access Focus on Itaú Shares, go to Shareholders/Shareholder Information.

**For the 6<sup>th</sup>  
consecutive year, Itaú is selected  
to be part of the Dow Jones Sustainability  
World Index.**

Itaú offers employees opportunities for continuous professional growth in a harmonious and ethical environment that allows them to develop and exercise their talents while remaining aligned with and committed to the Organization's Vision and Values.





**More than  
50,000**

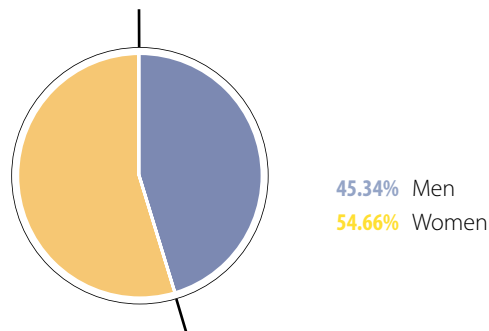
**people work at Itaú**



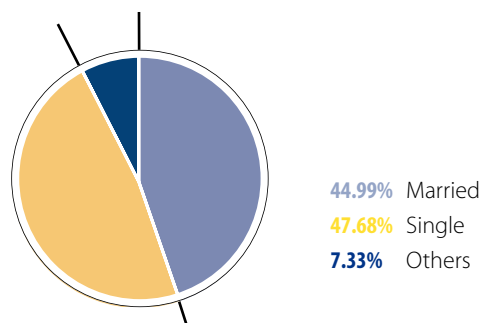
# Employees

The Bank employs 51,036 people. Fixed compensation, plus social security charges and benefits, amounted to R\$3,357 million or R\$71,000 per employee. Itaú invested approximately R\$58 million in education, training and development in 2005.

Gender

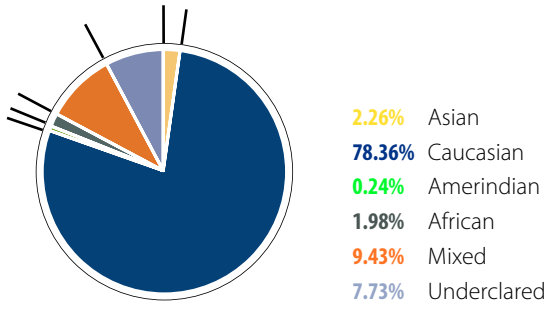


Marital Status

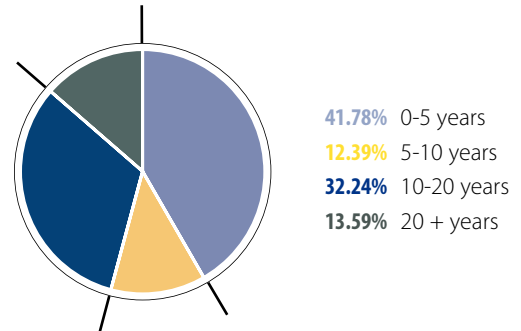




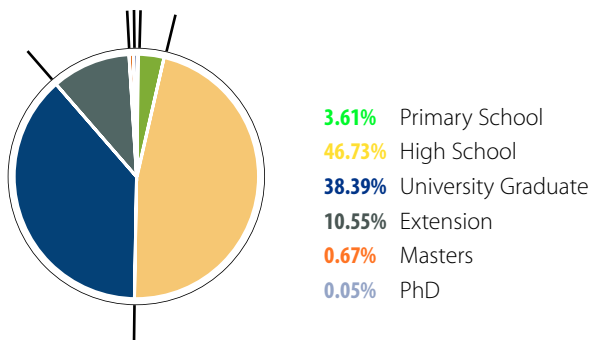
### Ethnicity



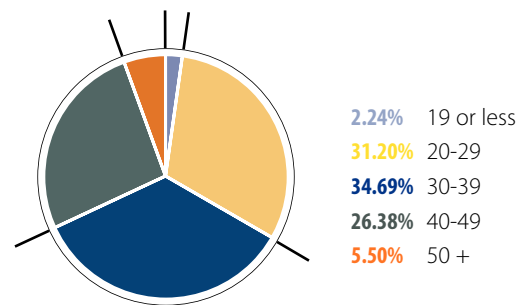
### Length of Service



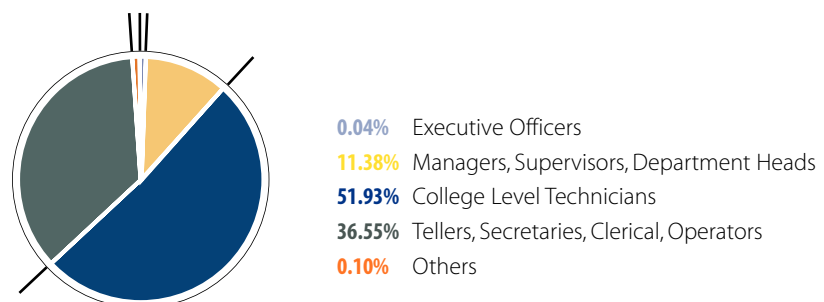
### Schooling



### Age Group



### Position



Number of employees	2003	2004	2005
Brazil	41,290	44,120	49,830
Overseas*	1,160	1,196	1,206
<b>Total</b>	<b>42,450</b>	<b>45,316</b>	<b>51,036</b>

\*Data from overseas companies

Job creation and turnover	2003	2004	2005
Brazil	9.21	9.72	11.14

### Job creation and turnover

Breakdown of Directors and Department Heads	2004	2005
Directors - Women	13	8
Directors - Men	238	222
Managers/Department heads/Supervisors - women	1,891	2,132
Managers/Department heads Supervisors - men	3,506	3,674
<b>Employees aged over 45</b>		
Women	381	491
Men	1,146	1,260
<b>Employees by ethnicity</b>		
Asian	204	229
Caucasian	4,340	4,682
Amerindian	4	4
African	22	24
Mixed	228	253
Not declared	850	844

## Respect for and encouragement of Diversity

Itaú consolidated and expanded the scope of its Corporate Diversity Program during the course of 2005. The objective of the Program is to recognize the value of the differences between individuals and to spread throughout the Bank a universal and integrated view of society.

- The Program for Hiring Persons with Special Needs continued to progress and placed professionals in several areas of the Bank. One of the major initiatives taken during 2005 was the 1<sup>st</sup> Corporate Diversity Week, featuring a talk by Olympic medalist Lars Graell;
- The Young Citizens Program – run in partnership with the state authorities of Rio de Janeiro for young people aged between 16 and 21 to serve a one year apprenticeship at the Bank, which welcomed over 450 of these professionals in 2005;

- The Young Apprentice Program – for 14 to 16 year old adolescents, who serve a two-year apprenticeship under contract with NGOs. By year-end 2005, 170 young professionals were enrolled in this Program.
- The African-Brazilian Training Program – initiated in 2005, in association with an NGO called the African-Brazilian Social and Cultural Development Society (Afrobrás) and the Zumbi dos Palmares Social Inclusion Faculty. The 21 students hired took part in training, in partnership with the Development and Further Education Research Center (CPDEC) of the State University of Campinas (Unicamp).

### Goal for 2006

Hire approximately 1,000 professionals under diversity promotion programs.



### Assistance for Retirees

Itaú launched its 3<sup>rd</sup> Age – A Good Start program for preparing for retirement. It is a quality of life management program for employees aged between 54 and 62.

The Program held 9 meetings each month.

For the second year running, the Itaúbanco Foundation, the Multipatrocinado Pension fund (Funbep) and the BEG Bank Employee Pension Fund (Prebeg) hosted meetings in 9 cities in 5 different Brazilian states for integration, fraternization and recognition of the contribution made to the Bank by retirees and their dependents.

### Benefits

The benefits enjoyed by employees and their dependents include: supplementary pension benefits; meals; food vouchers; medical and dental care; social worker services; study grants; leisure activities; sports; cultural events; subsidized rate loans; transportation; day-care assistance; special arrangements for employees to attend schools and universities; periodic check-ups; and special concessions, among others.

**Approximately R\$ 58 million**  
**was invested by Itaú in training and development**

## Employees

### Health Plan

In June 2005 Itaú adopted the decentralized management model for its health plans in greater São Paulo and the state of Bahia. This model was already in use in the states of Minas Gerais, Paraná and Goiás, covering 44,000 participants. Implementation of the system in greater São Paulo and Bahia raised the number of participants under this management model to 97,000, involving approximately 15,000 accredited health service providers, between doctors, clinics, laboratories and hospitals.

The decentralized model of health plan management results in greater flexibility to look for the best cost/benefit equation.

Itaú uses the services of health plan managers in the other states and regions to administer the health plans offered to its employees. The Bank's health plans cover approximately 145,000 participants throughout the country.

### Supplementary Pension Benefits

Itaú sponsors ten pension plans for supplementing the amounts paid by the state pension plan. Nine of these are operated by private pension fund entities while the tenth, known as a Variable Benefit Plan (PGBL) is operated by a public pension fund. A total of 58,028 people participate in these plans, of which 12,824 receiving benefits.

### Culture, sport and leisure

A number of initiatives have been taken to improve the quality of life for employees and their dependents. The Itauclube Foundation offers a variety of activities covering leisure, recreation, culture and sports as well as events at which employees have the opportunity to enjoy recreational activities with their families and friends.

The Itauclube Foundation has two vacation facilities – one in Itanháem and the other in São Sebastião (both on the São Paulo state coastline) – lodging facilities in Magé (RJ) and a Country Club in São Paulo. Between them they received 65,742 visitors during the course of 2005. The Bank also has agreements to let its employees, families and dependents use the facilities of the BEMGE Athletic Association (AASBEMGE) in Pampulha (MG) and the Recreational Club in Betim (MG) for leisure and entertainment. The Foundation has established partnerships with the junior sides of the major soccer teams and with tennis and other sports academies. There were 107 arrangements of this kind with sporting clubs in 2005 and 191 with cultural associations.

The Itauclube Foundation also owns a library with 23,000 volumes.

### Recreation, Sport and Leisure

Activities	Participants
Sports	3,043
Recreation and Leisure	5,289
Celebrations and Commemorations (SP and RJ)	21,342
<b>Cultural Activities</b>	
Libraries – Visitors	48,093
Competitions – Participants	560

### Education and Training

Itaú invested approximately R\$58 million during 2005 in training and development programs for employees, the equivalent of R\$1,136 per capita, over 20% higher than the previous year. More than 149,000 employees participated in courses, events and training programs. On average, each employee took part in three events of this nature.

### Banco Itaú

The Itaú Remote Learning System has enabled Banco Itaú to increase the number of training opportunities it offers its employees through different media and techniques, such as e-learning. By the end of 2005 the Bank was offering a total of 154 courses, in which 162,400 people were enrolled.

Approximately 9,600 managers from all levels took part in management courses developed in partnership with Fundação Getúlio Vargas (FGV-SP), the University of São Paulo (USP) and the Fundação dom Cabral (FDC-MG). The Bank invests every year in excess of R\$6.5 million on graduate and postgraduate courses for Itaú employees, by means of its Academic Training Incentive Program, subsidizing part of the cost of the course for roughly 2,000 employees. The Brazilian MBA courses are held in association with institutions with prestigious academic records, such as USP, FGV and Ibmecc. For its overseas postgraduate courses, Itaú sends employees to universities ranked among the top ten in the world, such as Harvard, Chicago, Stanford and MIT. The overseas MBA programs constitute an investment of R\$2.4 million per year.



# 20,112

## of Itaú's employees are union members

### Development and Training Programs – 2005. Banco Itaú Holding Financeira

Type of course	Nr of Participants
Internal courses	145,819
External Courses	1,937
Executive Seminars Abroad	14
Seminars in Brazil	849
Further Education Programs - Brazil (Postgraduate and Master's)	1,005
Further Education Programs - Abroad (Postgraduate and Master's)	15
<b>Total</b>	<b>149,639</b>

Currently 58 associated educational institutions in nine Brazilian states plus the Federal District of Brasília offer 30% discounts on their regular and postgraduate courses. The benefit is also available to employees' dependents and to retirees from the Organization.

Itaú developed a new model for training the sales teams at its branches, consisting of a hybrid, mixing remote and classroom instruction. This kind of training makes the courses more uniform, increases comprehension of the content and obviates most of the problems caused by the geographic dispersion of the participants, while obtaining a better cost/benefit equation. Implementation of the new hybrid model enabled the Bank to train employees at their place of work, with a 43% savings in the cost of training logistics and an increase of about 52% in the number of people trained, compared with 2004.

### Goal for 2006

Develop and implement management training in line with the Itaú Way of Doing Things Principles.

### Banco Itaú BBA

Itaú BBA is convinced that the quality of its professional staff will increasingly be the force driving its competitive position and leadership. The Human Resources Department, created in 2005 and reporting directly to the President and CEO, promoted 71 employees during 2005, the equivalent of 10.4% of the workforce. Training was intensified and workshops were run for specific areas where the Bank sees the greatest opportunities for growth, such as Cash Management, Investment Banking and Trading with Corporate Customers. Highly qualified professionals were hired, including a Vice-President, to reinforce the Bank's investment banking business. The trainee programs continued to help revitalize and improve many areas of the Bank, and 58 graduates or last-year graduate students were hired and trained. The percentage of ex-trainees in the total number of employees in the areas of the Bank participating in the trainee program was stable at 16.6%, and 12.1% of the total number of Bank employees.

#### Average hours training per year, per employee-type and per category

	2004	2005
Top management and management	17**	20
All employees	25**	30

\*\* restatement of 2004 numbers.

#### Climate survey

The fourth edition of Itaú's Speak Freely bi-annual climate survey was held in 2005. Answers were received to 26,376 of the total 34,628 questionnaires sent out, a 76% response rate.

Itaú uses a comprehensive and internationally acknowledged methodology for measuring aspects of the internal climate and personnel management. The methodology analyzed the internal climate at Itaú from five angles: credibility; respect; impartiality; pride; and team spirit. The survey identified pride as being the strongest quality and impartiality as the quality most needing improvement.

These results were widely discussed throughout the organization in groups at different levels that came up with suggestions for measures to improve the corporate climate. The measures taken following the survey include improvements to the management skills and team skills development programs, a revision of the Career Opportunity Program and a wider range of bilateral agreements with educational establishments.

#### Learning and Knowledge Indicators

Itaú implemented a series of tests for the Bank's capital markets professionals during the year as part of its plan for Testing Knowledge Levels in the Commercial Areas of the Bank. Based on the results, it developed training programs tailored to the specific needs of this business area.

# 149,000

**employees participated in courses and training programs**



## Employees

### Certification Programs

Professional certification programs were run throughout the year, in order to improve service quality. One of the most important of these is the Professional Certification, required by the Central Bank of Brazil, of investment products sales professionals, to ensure training and improvements in this area.

### Building teams at Itaú's consumer finance arm

The team at Taií – Itaú's consumer finance company – is made up of young professionals aged between 18 and 25. More than 5,000 jobs were created in 2005, equivalent to about 10% of Itaú's total work force.

The new entrants, generally salespersons, undergo technical and behavioral training. The Bank invested in roughly 180,000 hours of training for this team in 2005.

### Performance and potential

Performance and Potential Management at key positions within the organization is a strategic priority and is constantly used to validate promotions, bonuses and personal development initiatives.

In order to ensure that all employees fully comprehend all aspects of their performance and development potential, the Development Dialog, a structured feedback process, was extended to 25,000 employees in initial and management positions.



### Work Accidents – Banco Itaú

	2004	2005
Accidents with loss of work	421*	360*
Accidents without loss of work	103*	79**
Average work accidents/employee	0.011*	0.009**
Absenteeism	0.66*	0.77**
Work days lost	52,692*	70,637**

\* Less than 15 days only.

\*\* Less than and more than 15 days.

### Health and Safety

#### Health and quality of life

The Bank has several programs for encouraging employees to adopt healthy lifestyles, including: the Time for Health program, with quarterly meetings at the administrative centers to talk about issues of health, well-being and quality of life; the Workplace Exercise Program implemented during 2005 at 481 branches in the states of São Paulo and Rio de Janeiro; the Life and Health Program for retired employees; flu vaccinations at the Bank's administrative centers and branches; the Quality of Life site; the Nutrition Re-education Program run at the Bank's administrative centers; and the Vocal Health Program for Call Center professionals.

The Bank sponsored a number of events to mark the world Fight Against AIDS Day. NGOs offered an exhibition in the Bank's administrative building, where 12,808 people work, of their community educational work while the HIV/AIDS Reference and Training Center showed the results of research into an anti-HIV vaccine. Itaú also invited specialists to give talks for employees and their adolescent children on topics like sexuality and risk behavior.

#### Goal for 2006

Extend the Workplace Exercise Program to the branches in Porto Alegre, Curitiba, Goiânia, Belo Horizonte, Salvador and Recife.

# 180,000

hours of training were given to employees at Itaú's consumer finance arm

## Employees

### Other Indicators – Banco Itaú Holding Financeira

Number of awareness campaigns	44
Work versus Outside Life initiatives	4
Employees involved in defining targets and performance indicators for issues of working conditions, health and safety (spearheaded by members of CIPA – 13 in total)	687
Programs and benefits for employees and their families (medical and dental assistance, country club, vacation facilities, cultural and sporting arrangements with other clubs, life insurance and insurance for spouses)	14
Internal Health Clinics	10
Internal Health Clinic attendants	62
Number of employee benefiting	12,294

### Occupational Safety

All accidents, involving loss of work or not, are registered, the causes analyzed and the appropriate corrective or preventive measures taken. Accidents are notified to the Ministry of Social Security, the Ministry of Labor and Employment, when requested, the appropriate labor union, the manager responsible for the area where the accident occurred and to Human Resources.

CIPA is a Commission with employer and employee representation. The principal and alternate employee representatives are elected by the employees themselves. CIPA's main tasks are: provide workers with information about accident prevention and occupational diseases; to hold the In-house Accident Prevention Week (SIPAT) once a year as well as the usual Security Campaigns; to assist in the implementation and quality control of accident prevention measures; and to identify risks in the daily routine of the organization and suggestions for eliminating them.



### Internal communication

All employees have access to information and news concerning the Organization through different printed and electronic means, the principal among which are as follows:

#### Corporate portals

Specific Portals – by business area, updated on a daily basis, help provide guidance for day-to-day operations and strategic coordination between teams.

HR Portal – an HR services portal for employees and team leaders, giving them access to programs and services such as Automated HR Service, Personnel Management, Professional Development, Career Opportunities, Health and Quality of Life, Policies and Publications and others.

#### Printed and electronic material

*Itaú News* – a monthly magazine distributed to all employees and intended to broaden their understanding of the Bank's activities and initiatives.

*Itaú Agenda* – a monthly bulletin distributed to executives and directors, highlighting the Bank's main activities and initiatives during each period.

*Good Morning* – a daily bulletin with the latest Itaú news and guidance for different areas of the Bank.

*HR Informs* – available in print or electronically, this bulletin provides information on HR activities.

*HR Guidelines* – written guidance for managers, with current information on the Bank's personnel standards and policies.

Another way of interacting with employees is the Speak with HR Center, created to answer questions, clear up doubts, receive suggestions and pass on requests or complaints to the appropriate areas of the Bank. The Center handles on average 139,600 calls per year and 90% of the doubts or queries are cleared up at first contact. The remainder receives an answer within 72 hours at the most.

#### Celebrating the 60th anniversary

Thousands of employees from all over the country and their families were invited to celebrate Banco Itaú's 60th anniversary in fine style. More than 35,000 people were invited to musical shows in São Paulo, Rio de Janeiro, Belo Horizonte, Curitiba and Goiânia, with the presence of famous Brazilian artists. Close to 2,000 people celebrated by walking through parks in Brasília, Salvador, Porto Alegre, Ribeirão Preto (SP), Fortaleza and Recife.

Other events included the "Olympic Games," in which over 26,000 employees enrolled in São Paulo and greater São Paulo; a huge Happy Birthday to You, sung simultaneously by more than 42,000 employees in roughly 3,000 administrative and business units of the Bank; and a recital by the Itaú Choir, composed of employees from São Paulo and surrounding cities.

# 90%

## of employee queries are cleared up in the first contact with the HR Center

### Union representation

	2003	2004	2005
Percentage of workers represented by independent labor unions or other legitimate representatives.	41,218	44,120	49,830
Employees represented/Year	97.14%	97.29%	97.58%

### Union relations

Itaú is in compliance with Conventions 87 and 98 of the principles and rights of the International Labor Organization (ILO), which guarantee union freedom, the right to unionization, the right of unions to function without interference from the authorities and the right to collective bargaining.

A structured plan for communicating and meeting with the unions and associations of retired employees tries to ensure fair treatment and good relations based on dialog,

mutual respect and transparency regarding labor relations and the company's activities. Managers and employees receive guidance on labor, union and social security issues and on collective wage and other agreements.

Itaú held 77 meetings and contacts with unions and associations of retired employees during 2005. It currently has 20,112 unionized employees and 731 union representatives throughout the country.



# Suppliers

Itaú has qualified 27,000 large, medium-sized, small and micro suppliers, offering multiple opportunities at all points along the productive chain in the services and materials sectors.

By year-end 2005 Itaú had approximately 27,000 registered suppliers, including large, medium-sized, small and micro companies, all of which participated in close to 5,000 purchase procedures through public auctions held on the Internet. During 2005, 9,000 new suppliers were registered, 50% more than registered in 2004.

Any company intending to supply Itaú with goods or services has to follow the following steps:

- Technical certification – the company is analyzed as to its capabilities, structure, equipment and other criteria;
- Administrative certification – the company's position in the market is analyzed and an evaluation made of whether the goods or services it intends to provide are compatible with its corporate objectives. It is also checked for bankruptcy, court protection proceedings, federal or state lawsuits, protests and compliance with its INSS and FGTS social security obligations.

The Bank respects the confidentiality of the information it requests and endeavors to establish fair and unbiased relations with its suppliers and requires them to comply with all their legal, labor and environmental obligations.

Improper conduct, such as the use of child or forced labor, is sufficient reason for the supplier's registration with the Bank to be cancelled.

Supplier compliance with all the environmental aspects of the Bank's programs is not formally measured.

The companies, however, are periodically inspected for compliance with administrative and tax requirements. The criteria for and the frequency of such inspection is defined individually for each type of product or service.

Non-banking activities are outsourced, mainly in areas such as maintenance, conservation of buildings, security and professional services (lawyers, engineers, drivers etc.).



Learn More

About suppliers relations in the IR  
– Code of Ethics website.

## 27,000

**suppliers contribute to quality  
and efficiency at Itaú**

The Bank publicly reaffirmed its commitment to customer service quality by launching its Corporate Ombudsman's Office in July and the "Itau wants to Hear from You" campaign.





**10,000**

**employees  
participated in  
the Service  
Excellence and  
Respect for the  
Customer  
workshop**

# Customers

Progress in the quest for service excellence has been constant. The commitment to listen to and learn from customers was reinforced during 2005 its by extension to all areas of the Bank.

## Getting to Know and Learning from Customers The “Itaú Wants to Hear from You” campaign

The Organization has been investing in service quality for the past 20 years. In 1987 it introduced the Dial Itaú service, one of the first customer support services in Brazil. With the advent of the Internet, it created the Talk to Us online support system as well as the Itaú Responds service for clients appealing to Brazil’s consumer protection agencies, as well as the Central Bank Service Group. The Bank publicly reconfirmed its commitment to service quality by inaugurating its Corporate Ombudsman’s office in July 2005 and launching its “Itaú Wants to Hear from You” campaign. This is a commitment not only to continue listening to customers but also to get back in the shortest possible time, in any event not more than 5 business days.

The objective is to raise the quality of the Bank’s personnel, procedures, products and services. All criticisms and suggestions received generate an agenda for improvements and possible solutions for the problems raised.

The encouragement for customers to communicate their views obviously led to an increase in volume, mainly of suggestions, which increased 335% in September compared with June. Approvals and endorsements increased 133% and complaints 58%. Counting all the different communications channels, an average of 7,800 customer comments were received per day in September.

## Customer Support Services Itaú Corporate Ombudsman’s Office

The Itaú Corporate Ombudsman’s Office is a channel for attending to customers whose complaints have not been satisfactorily resolved by the Bank’s other service channels. The Ombudsman’s Office endeavors to reach an independent, impartial, negotiated solution, consistent with the protection of customer rights.

This new customer support channel is staffed by seven ombudsmen, specialized in customer service, credit cards, loans and finance, investments, banking services, personal protection products and asset protection products.

The Ombudsman’s Office has handled 1,857 complex customer complaints since it was created. Coordination between the Ombudsman’s Office and other areas of the Bank resulted in 60 proposals for improvements.



### Telephone Service – Itaú Bankfone Customer Support

Itaú has invested heavily in training personnel, installing the latest technology and optimizing procedures for receiving and registering incidents, resulting in significant gains in productivity and service quality. Customers, for example, have expressed satisfaction with the increase in the number of complaints resolved on the spot.

### Internet service – Talk to Us

The “Itaú Wants to Hear from You” campaign had the effect of significantly increasing demand for the “Talk to Us” service and the structure of this form of online support – private Internet chats with the customer – had to be reinforced. There have been times when the increase in demand has affected the quality of service. A number of improvements are being introduced during 2006. New instruments for monitoring and managing the service will be designed.

### Itaú Responds

The Itaú Responds service provides services to consumer protection agencies and industry media. Its job is to handle customer complaints made through these two channels.

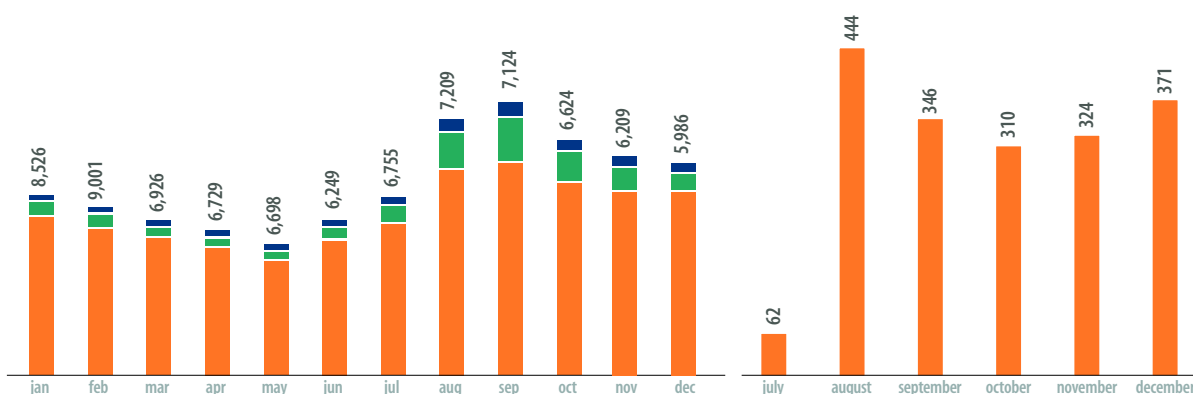
Important initiatives were developed during 2005 jointly with the Executive groups of Brazil’s Consumer Protection Agencies (Procons), such as a joint effort to distribute Itaú’s Responsible Use of Credit Guide to thousands of consumers all over the country, the event held by Itaucard to strengthen relations with Procon and a calendar of periodic meetings.

### Central Bank Service Group

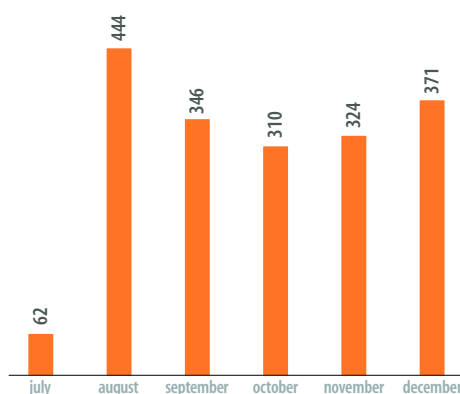
The teams handling customer complaints to the Central Bank were reorganized, in order to include more specialization in the kind of issues directed to Itaú through this regulatory agency.

## Increase in Client Comments on all support channels – daily average

Complaints Suggestions Compliments Information



## Nr. of Customer Complaints to the Corporate Ombudsman's Office – per month



## Dealing with complaints

Itaú gave priority to improving procedures for handling customer complaints in 2005, with emphasis on:

- **Commitment to respond within 5 days** – The dedication and the efforts of the entire team were needed for Itaú to be able to meet this commitment;
- **New instruments for providing branch support** – The system for registering, consulting and evaluating complaints was totally integrated so as to consolidate all customer comments into one information system, regardless of the communication channel used;
- **Managing customer contacts** – The implementation of these new instruments has meant that customer complaints are beginning to affect the branches' results more than in the past;
- **Quality Certification** – A number of the Bank's procedures involving customer service were awarded ISO 9001/2000 Quality certification. These include procedures for opening and closing accounts and for producing check books.
- **Circulating information** – The circulation of information obtained from customer contacts was improved, so to enable the organization to learn more from this process. By placing customer contact information on the corporate intranet, product, systems, administrative procedure and communication managers are able to consult this information on line.
- **Product and service quality** – Measures to improve product and service quality were initiated in 2004 and continued during 2005. Presentations to the branches added new guidelines and improved team coordination on issues like quality, ethics, transparency and clarity of information at the moment that services and products are being offered to the customer;
- **Service coordination** – The Department of Service Coordination was able to contribute to improvements in service quality. By negotiating solutions with the service centers and being always on the lookout for opportunities for improvement, it was able to provide support for the Banco Itaú branch network;

## Customers

- **Branch support** – The support hubs are at the moment being consolidated into a single telephone number, so as to be able to offer easier and more responsive service to their internal customers. The efficiency gains will be passed on to the customer. The level of satisfaction in the branches with the service received from the support areas improved after the changes.

### Goal for 2006

- Fine tuning of the management programs in areas with goals for reducing product manager complaints and with the support hub service scores given by the branches themselves.

### Improvements

Improvements were introduced during 2005 with the objective of meeting the following expectations and needs as expressed in the customer comments:

- **Funcionalidade** – Navigation and the new screens at the Itaú ATMs give this service an even more modern and functional touch;
- **Transparency** – The new account statement is clearer and provides better quality information;
- **Security** – Itaú was the first bank in the country to offer a Security Card containing the numerical codes needed to access Itaú Bankline;
- **Convenience** – The automatic transfer of an account to a different branch is a convenience. All the customer has to do is request the alteration, at the old branch or the new;
- **Ease** – Copies of payment receipts issued by the ATMs.

### Team training and Integration

The strategy of resolving the customer's problem on the spot has meant changes in the way the customer service teams work.

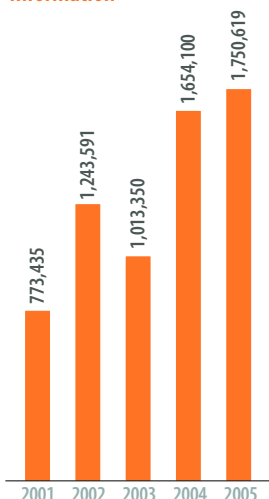
- **The Service Excellence and Respect for the Customer Workshop** – The Bank ran workshops during 2005 for teams from the operations and commercial areas of the branches, in order to improve their ability to resolve problems and strengthen customer relations. The workshops were attended by representatives from the Central Bank, Procon, the media and, in some cases, appeal courts. Approximately 10,000 employees participated in the program, which was run in 11 cities throughout Brazil.
- **Integration of the Service Centers** – The program was also extended to the service center teams in order to better equip them for resolving customer problems on the spot and acting in a more consistent and coordinated manner.
- **Broadening the knowledge base** – Besides revising the training courses, a monthly knowledge evaluation program was introduced, called Service Practice Knowledge, intended to help correct any malfunction in procedures by providing immediate orientation to the teams.
- **Daily review of guidance** – The reformulation of the daily Good Morning bulletin, introducing regular updates of information and procedures, has made the content clearer, the language more consistent and the material more concise.

# 1,857

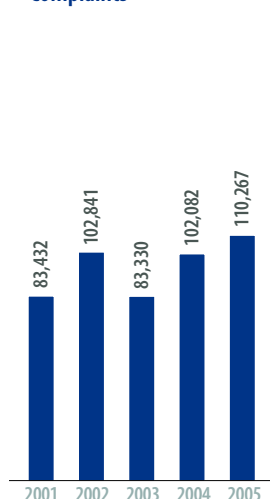
customers have already been  
heard by the Ombudsman's Office

## Nr. of customer comments to support services

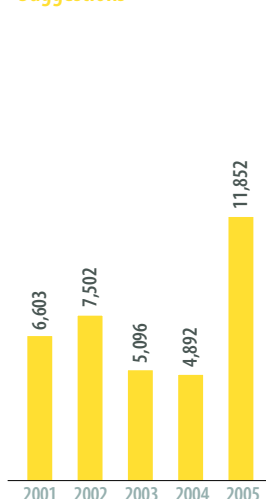
### Information



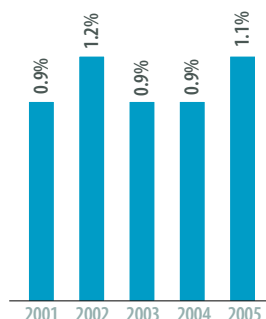
### Complaints



### Suggestions



## Percentage of Complaints per Year compared with total customer base.



## Customer satisfaction

- Star Service Program** – Provides solutions for improving procedures, preventing repetition of problems and creating improved customer relations. The criteria employed under the Star Service Program were revised to give greater encouragement to those branches topping the customer service rankings. At head office five new areas joined the project, bringing the total number of participating areas to 12. Airline tickets within Brazil were awarded to 37 branches, while another 2,451 employees were given Star Service recognition and their cases circulated internally within the Bank.
- Surveys** – The Organization ran about 80 surveys and polls to get an accurate feeling for customer satisfaction and expectations as regards service quality.

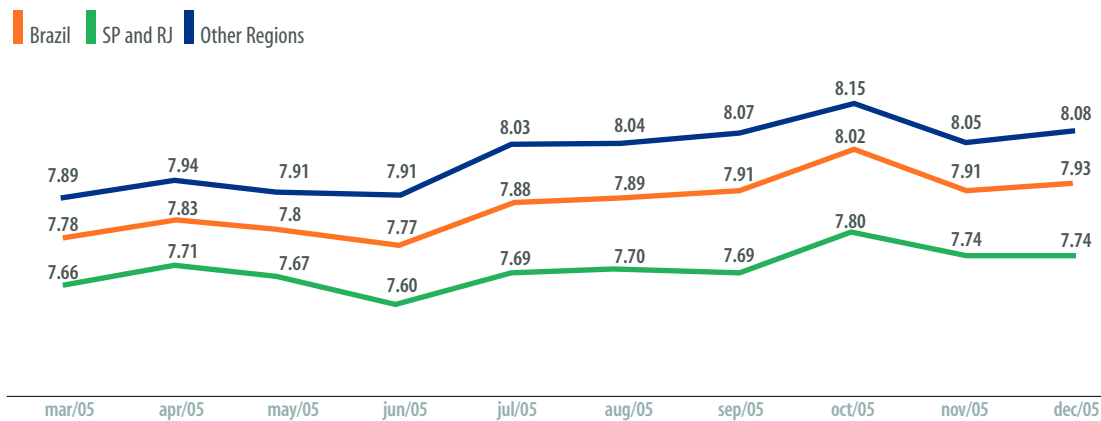
More than 2 million people were contacted overall between customers, employees and the market in general. Another important instrument for monitoring the organization's image and how its brand name is position is the corporate image surveys, the results of which indicate that Itaú is seen by its customers and society as a whole as a solid, modern, profitable and socially responsible financial institution.

- Daily follow-up** – The use of metrics to measure customer satisfaction is something of a challenge, but they can help give direction and fine-tune the performance evaluations of the branches and other areas of the Bank. The conclusions from the questions asked at the ATMs and on Itaú Bankline can give a broad idea of customer reactions.

# 2,451

employees were singled out for Star Service recognition

### Indicator of customer satisfaction at the branch level By Region – Score = 1 to 10



## Results

The results from Itaú's pursuit of service excellence have not been insignificant.

- The Bank has been absent from the monthly rankings by number of customer complaints published by the Central Bank for the past 14 months.
- Itaú was also not to be found anywhere in the 2005 ranking of the companies receiving the greatest number of complaints, as published by Procon São Paulo and Procon Rio de Janeiro. The Bank was not listed in the Procon SP ranking for the second year running.
- The Central Bank conducted a General Inspection of Service Quality at Itaú and concluded that the company is extremely well positioned in terms of service quality, with good structure, easily accessible communications channels and the effective commitment and dedication of the service teams.
- The Organization managed to improve the quality and the longevity of its customer relations, increasing the stability of its customer portfolio.
- The number of complaints received from outside – Central Bank, Procon, the specialized press and others – diminished substantially and continued to diminish throughout the year in all the regions where Itaú has a presence.
- Itaú was well ranked in a survey carried out by Inmetro of companies in various different sectors of the economy, to evaluate the quality of the customer attention over the phone and by internet and how effectively each company communicated its customer support channels. The Bank's service quality was considered satisfactory.



As it turns 60, Itaú intensified its social activities and community events and will continue to do so into the future.



# 1,800

**adults and  
children  
participated, on  
average, in each  
of the 47 Happy  
Sundays that  
Itaú held across  
the country**



# The Community

The Responsible Use of Credit Campaign came out with a version for corporate use, including information on the most suitable credit vehicles for small and micro enterprises.

In the year of its sixtieth anniversary, Itaú used part of the time dedicated to community activities to share with this audience its satisfaction with its career so far and the position it has attained. Projects like Happy Sunday and Cycling Tour were expanded to accommodate more people and the Lecture Cycle and Itaú Music were incorporated into the list of festivities.

## **The “Responsible Use of Credit” campaign**

In 2004 Itaú launched an entirely pioneering campaign for the responsible use of credit. The intent was to advise the public on how best to use the credit lines available in Brazilian financial markets.

In 2005 the Bank produced a version of the Guide for corporate use. The Guide is another example of Itaú's commitment to helping its customers progress.

The Guide provides details on the principal products and services on offer in financial markets and helps select the type of credit best suited to the needs of small and micro enterprises.

The Bank received very positive feedback from the campaign, such as a request for campaign booklets from Procon, a demand for lectures on the subject and spontaneous manifestations of approval from clients using the Bankfone – Customer Support service.

## **Goal for 2006**

Itaú will distribute a booklet specifically directed at employees, with an attachment for managers with tips on how to prepare themselves to give guidance to their employees.



### Itaú Corporate Social Responsibility Week

The Organization held its 1<sup>st</sup> Itaú Corporate Social Responsibility Week in 2005. The event stimulated discussions and an exchange of information on the activities currently undertaken in the Bank and helped develop awareness of the issues on the part of employees.

The meetings were held at the CEIC Itaúsa Corporate Center and the TCO Technical Operations Center and offered talks by well-known professionals plus stands on themes such as Diversity, Customers, Corporate Governance, the Community (Itaú Volunteer Program and Itaú Social Program) and the Environment.

### Community Events

#### Happy Sunday

The Itaú Happy Sunday, held throughout Brazil since 2003, encourages leisure, sports and culture at the different communities where it is held, as well as raising donations of non-perishable food and toys for charitable organizations in the neighborhood. The event was amplified during 2005 to commemorate the 60 years of Itaú. Happy Sunday put on 47 events in a variety of states. Something like 800 children and 1,000 parents or responsible adults take part in each of these events.

#### Cycling Tour

This encourages the practice of sports and an improved quality of life by offering leisure options for a wide range of people from all strata of society and all age brackets. On average around 1,000 persons take part in each of the 27 tours organized in different cities in Brazil during 2005. A side activity is collecting donations of non-perishable food for charitable institutions in each city. This event was also expanded during 2005, as part of the commemoration of the 60 years of the Bank.

**47 community events**  
were held by Itaú in different Brazilian cities

## The Community

### Lecture cycle

As part of the anniversary commemorations, the company held a cycle of lectures on environmental responsibility at the Itaú Cultural Center in São Paulo. The events were held in October and November and touched on such themes as The Importance of Responsible Management, Social Investment, Sustainability as Applied to the Environment, and The Press and Social Responsibility.

### Itaú Music

Itaú held a total of 110 community musical events, from pop to Brazilian to instrumental to classical. The events were held on São Paulo's Paulista Avenue, in subway stations and in São Paulo's West and East ends and central region.

### Other Events Held and Supported

#### Banco Itaú

##### XIV Curitiba Theater Festival

The Curitiba Theater Festival is already in its twelfth year and is considered the largest of its kind in Brazil. It has already staged over 600 plays for roughly 100,000 spectators. In 2005, 219 events were presented by theater companies from several Brazilian states and abroad.

### Itaú Seguros

#### The Curumim Project – Itaú Seguros

Customers of Itaú Seguros insurance company were congratulated on their birthdays with cards produced by the youngsters at the Curumim Project, a non-profit organization in Atibaia (SP). The organization runs environmental recycling programs and does social work with underprivileged children and their parents.

### Banco Itaú BBA

#### Photography Competition

As an incentive for amateur and professional photographers to take pictures of Brazilian flora, Banco Itaú BBA ran yet another edition of its Tree in Bloom, Nature in Bloom, Fields in Bloom competition. A panel composed of well-known personalities from the photographic art community and from environmental preservation circles judged the 1,851 entries and awarded prizes to 67 of them. The photographs were exhibited at the Brazilian Home Museum in São Paulo.





*The following sponsorships were granted 100% tax exemption under the Rouanet Law:*

#### **São Paulo Modern Art Museum**

The museum's mission is to collect, study and promote modern art and contemporary Brazilian art, making them accessible to as broad a range of people as possible. Banco Itaú BBA supported the museum's Annual Events Plan as well as a Photography course for the seriously mentally disturbed.

#### **Magda Tagliaferro Foundation**

Itaú BBA sponsored twelve grants for pianists aged between 10 and 18 years old, helping them to start specializing and embark on their artistic careers early in life. Its contributions also made it possible to implement a young persons' musical initiation center at the Foundation's headquarters for 200 needy children from the city of São Paulo.

#### **Cultural and Artistic Society of Jaraguá do Sul (SC)**

Sponsorship for the Society's Dance and Theater Learning company.

#### **Judaic Culture Center**

Support for the events commemorating five thousand years of Judaic culture.

#### **Panoramic View of Brazil**

Banco Itaú BBA sponsored a book with 100 panoramic photos of different places in Brazil. Photographs by Ary Diesendruck and text by journalist Eduardo Logullo.

#### **Brazilian Home Museum**

The Museum is a center for research into and a permanent exhibition of utensils, habits and costumes of the Brazilian home over time. A number of design exhibitions were held at the museum during the year. Banco Itaú BBA funded the museum's educational programming during the year.

*The donations to the Brazilian Home Museum were partially (74%) covered by the Rouanet Law tax incentives.*

# 600 shows or plays

## have been put on at the Curitiba Theater Festival since it was founded in 1993

Volunteer work and the projects run by the Itaú Social Foundation and Itaú Cultural Institute are outstanding examples of the many ways of relating to society.





# 1 ton

of winter clothing and blankets was donated by employees over a three-week campaign. Itaú matched it with another 1 ton donation.



# Society

More than a thousand Central Administration employees are already involved in Itaú's Volunteer Work Program, which was rolled out to the branches in 2005, where 102 active volunteers have already signed up.

Itaú relates to Brazilian society in a number of different ways. In all of them it endeavors to adopt a structured approach so as to achieve the best possible result. The same goes for the projects developed by the Itaú Social Fund and the Itaú Cultural Institute, the initiatives taken by its Volunteer Work Program and the creation of sustainable products designed as vehicles for spreading culture or even as investments in social and environmental stability.

## Volunteer work

### The Itaú Volunteer Work Program

Having started life as a pilot project in 2003, the Itaú Volunteer Work Program is today a joint initiative of the Itaú Social Foundation and Banco Itaú. Management is exercised by the Itaú Support for Voluntary Workers Committee, composed of voluntary employee workers from many different areas and levels of the Bank. The São Paulo Center for Voluntary Work is technical coordinator.

In 2005 the Program was consolidated under Banco Itaú's Central Administration and started being rolled out at the branches. During this period, employees helped support such Itaú Social Foundation programs as Writing the Future and Urban Youth programs and others managed by its partners, such as the São Paulo state Junior Achievement program and the Family School Program's workshops in conjunction with the Akatu Institute (Responsible Consumption and Social Inclusion), Itautec (IT for beginners), the EF Language School

(English) and the Banco Itaú Marketing Department (Responsible Use of Credit).

The Itaú Portal is a new site launched in conjunction with Comunitas and is intended to encourage voluntary work and to improve the coordination of the voluntary work done by Bank employees. Voluntary workers can describe what they are doing on the site, suggest ideas, create opportunities for new projects and sign up for other activities undertaken by other voluntary workers or by the Itaú Social Foundation itself.

## Results

The Program has been implemented at the Bank's Central Administration, where 1,052 employees have already signed up, 368 of which already active in Itaú Social Foundation programs or supporting NGO activities.

- The roll-out to the branches has already begun, 524 volunteers having signed up, of which 102 already active.
- Investment: R\$ 200,000

## Itaú Solidarity Program

This is an initiative of the Itaú Social Foundation and Banco Itaú to stimulate and coordinate donations from employees to projects registered with the Municipal Children's and Adolescents' Rights Councils. The Bank's aim is to encourage the teams to shoulder their social responsibilities, to become involved in activities based on the idea of solidarity and to clarify their understanding of the concept of Corporate Social Responsibility.

Itaú Solidarity is a countrywide program and was implemented during 2005 in the cities with the largest concentrations of Itaú branches: Belo Horizonte (MG), Curitiba (PR), Diadema (Grande SP), Goiânia (GO), Guarulhos (Greater SP), Manaus (AM) and Salvador (BA).

Each city created a Committee composed of voluntary workers, who received training in how to analyze, select and monitor social projects. The projects chosen by the Committees then went through a second selection process involving 46,000 Banco Itaú employees, who proceeded to make their donations once the winning project was selected in each city.

The Itaú Solidarity Committee voluntary workers will be responsible for monitoring the projects selected to receive funding.

## **Results**

### **Mobilizing voluntary workers for the Regional Committees:**

- Over 340 enrolled;
- 56 voluntary workers already selected.

### **Training for voluntary workers:**

- 7 training session held in the selected cities.

### **Selection of social projects:**

- Municipal Committees already submitted more than 100 projects;
- 3 projects from each city were short-listed for voting (6 in São Paulo).

### **2005 Campaign:**

- 7,306 employees voted in the project selection process;
- 2,768 employees contributed donations (6% of total employees);
- Employee donations totaled R\$ 189,900.89 (an average of R\$68.61 per donor);
- Total invested: R\$ 75,000.

## **Employee participation in Social Projects**

- Winter Clothing Campaign: Itaú joined the São Paulo state Solidarity Fund's winter clothing campaign and succeeded in collecting 1,000 Kg of clothing. Itaú itself donated another 1,000 Kg of blankets.
- Winter Clothing Campaign – Itaú Seguros, in order to reach a wider segment of the public, took a number of important initiatives based on its new "Made to Take Care of You" concept. Employees, business partners and service providers joined the São Paulo state Social Solidarity's campaign in July and August. The campaign received support from the taxis participating in the Angels of the City Project, from insurance brokers, and Itaú Seguros's CARs (Quick Service Centers) which were turned into hubs for collecting donations of winter clothing and food. By the end of the campaign, 16 tons of food had been collected and over a ton of clothing and blankets.
- Bone Marrow Donation Campaign: undertaken in partnership with Ameo (Bone Marrow Association) for the purpose of increasing the number of bone marrow donors, thus raising the chances of people needing transplants. More than 3,000 employees joined in the four-day campaign at Itaú's CEIC and CTO administrative headquarters.
- Christmas Without Hunger Campaign: for the fourth year running, employees voluntarily donated one hour of work to the Christmas Without Hunger Campaign, which raised R\$474,000 from workers at Banco Itaú, Banco Itaú BBA and Itaú Seguros. The funds were donated to the Citizens against Hunger and Poverty NGO and helped give families a Christmas eve dinner. The Campaign was from December 2005 to January 2006.

**More than R\$ 79 million**  
**invested in social and cultural projects**

### Goal for 2006

- The Bone Marrow Donor Campaign will be extended to the entire branch network
- Christmas Without Hunger Campaign: Itaú has committed to repeating the campaign this year.

### **Sustainable Finance**

Itaú has adapted many of its middle market segment policies and practices to the Equator Principles and to its responsibility for promoting sustainable development.

Social – The Know Your Customer project fine-tuned its procedures for analyzing customers so as to avoid opening accounts for companies involved in socially harmful activities, such as drugs, weapons or contraband.

Environmental – The Bank has developed proprietary techniques for analyzing credit proposals for environmentally doubtful companies and takes environmental considerations into account when risk-rating middle-market companies.

Economic – Credit approval for middle market companies is an interesting example. The credit approval process is based on collective decisions. This ensures better quality credit decisions and greater control over the risks involved, without affecting turnaround time or customer satisfaction. Risk management instruments are constantly evolving. New corporate customer rating models were developed in 2005, offering greater precision and consequently greater control over the lending process and credit risk.

### **Socially Responsible Products**

#### **Itaú Social Excellence Fund**

FIES (Itaú Social Excellence Fund), launched in 2004, is an equity fund that invests in the shares of companies with superior social responsibility practices. The intention is to obtain higher long-term returns than those offered by the main Brazilian financial market indexes. The fund managers analyzed 120 companies before selecting 44 as eligible for the fund to invest in, of which 30 currently comprise the fund's portfolio.

In addition to analyzing the risks and returns of each share, the fund managers took into account three fundamental criteria: social activities; environmental protection practices; and good corporate governance practice. The fund made the first donation out of its accumulated asset management fees at the end of the year, in favor of the Communitas Connections – Solidarity Partnerships for Development project, in the amount of R\$61,000. To date the fund has chalked up returns of 85.72%, compared with 50.15% for the Ibovespa.

#### **Itaú Annuity Plans**

In 1994, Banco Itaú launched an annuity plan, the financial returns on which were to be donated in their entirety to primary education projects in Brazil. Subsequently Itaú has launched the PIC Children and the Itaú Unicef PIC, the returns on which are passed on to Unicef (United Nations Children's Fund) social programs. Approximately R\$30 million has been raised so far for Unicef through these three vehicles, with an estimated one million children as beneficiaries.

The Bank has been extremely encouraged by the success of these Annuity Plans, the returns on which are channeled to Unicef or to the Itaú Social Fund and in 2005 launched a PIC Nature on the market. Besides distributing prizes to investors, the plan intends to contribute to reforestation projects throughout Brazil.

The Nature PIC was launched with the support of WWF-Brazil, a non-governmental organization for managing donations towards reforestation projects and the largest nature conservation network in the world, present in Brazil since 1971.

### Socio-environmental Products

Towards the end of 2005, Itaú launched a line of socio-environmental products, including socio-environmental Buyers Credit and Working Capital facilities for medium-sized companies. These products can finance either the acquisition of goods and services by these companies or projects for reducing emissions or solid waste generation, installing less environmentally aggressive technologies, obtaining environmental certification, and other related activities or initiatives.

Medium-sized companies that practice environmental protection and social development pay lower interest rates on their credit lines as well as obtaining longer tenors that go out as far as 24 months. Disbursement is conditional on an evaluation of the socio-environmental characteristics of the customers and the project.

The Bank also created a credit line specifically for people with special needs (PNEs). The PNE Leasing program can be used to acquire mechanical limbs, wheelchairs, laptops etc. Minimum contract value is R\$4,000, with tenors of between 24 and 36 months.

### Goal for 2006

- Launch new products with special conditions and advantages for companies with proven environmental responsibility, as a means of incentivizing companies to adopt sustainable practices.
- Take measures to disseminate concepts of sustainability among the Bank's middle-market customers.

### Carbon Disclosure Project

Itaú is paying close attention to the opportunities offered by the market for carbon credits from atmospheric emissions. In 2005 it responded to the Carbon Disclosure Project (CDP) questionnaire, intended to discover how companies currently control their atmospheric emissions and how climate change could affect their results. Now in its fourth year, the influence of the CDP questionnaire has increased substantially: questionnaires are sent to more than 1,800 of the largest enterprises in the world and are endorsed by institutional investors responsible for managing US\$31 trillion of assets. Itaú is preparing to respond to the questionnaire once more in 2006.

# 85.72%

**the return accumulated by the Itaú Social Excellence Fund since it was launched in 2004**



# Itaú Social Foundation

The Itaú Social Foundation is dedicated to improving the quality of public education, helping develop the coming generations and rallying employees around social causes.

Over the past five years the Itaú Social Foundation has consolidated its position as the Bank's primary vehicle for social investment. It focuses mainly on improving public schooling, acting on two fronts:

- It organizes, educates and endeavors to install social values in the consciences and the daily activities of its employees;
- It promotes the personal, social and professional development of future generations and provides institutional support for organizations committed to social transformation.

Programs are implemented according to the strategies set by the Itaú Social Foundation Executive Commission. Specific proposals are analyzed by the Program and Sponsorship Committee, which, jointly with the Steering Committee and the Commission, are responsible for corporate governance.

The Executive Commission defines the criteria for investing, monitors the programs as they are implemented, directs the distribution of the resources raised by the Itaú Social Foundation and analyzes the results of the programs when executed.

The Program and Sponsorship Committee coordinates implementation of the social programs, follows up on completed investments, approves projects, budgets and beneficiary institutions and prepares reports on the Foundation's activities.

The Steering Committee is an informal group composed of personalities noted for their Third Sector activities, who are invited to advise the Itaú Social Foundation on strategic planning, helping to make the foundation's activities more consistent. Financial resources have their origin in the returns generated by the Itaú Social Foundations endowment, which amounted to approximately R\$359 million in December 2005. During the year the Foundation invested R\$21.5 million in 17 in-house projects as well as more than 100 partnerships and support programs for other institutions.



## Principal Projects in 2005

### Writing the Future Program

This Program, launched in 2002 and implemented across the country, is helping improve the quality of teaching 4<sup>th</sup> and 5<sup>th</sup> grade pupils reading and writing skills in the public schooling system, through teacher training and encouragement to write. The program is considered a strategic social investment, since rather than limiting itself to teaching existing knowledge, it helps lead to new fields of understanding. In addition it creates mechanisms for disseminating ideas and practices, with an emphasis on ongoing teacher training.

Classroom and remote training continued to be provided during 2005 to some 25,000 teachers enrolled in the 2nd edition of the 2004 Writing the Future Award. The personally attended training workshops run in partnership with the education departments of nine states try to create new language teaching options through the use of different text styles. Remote training included the creation of a "Virtual Writing the Future Community", publication and distribution of the *Poised Pen* yearbook and the production of the Hand and Chalk TV program in association with TV Futura.

Some of the Program's results have exceeded Itaú Social Foundation's expectations. A team of teachers from the Minas Gerais Federal University reviewed the texts produced by the students enrolled in the 2004 Writing the Future Award and sent them back to their respective teachers with comments and suggestions for improving them. This material will be used as the basis for a publication to be produced by MEC for use in teacher training courses.

The Goiás state Department of Education, at the end of the classroom training it provided for its professionals, recommended that teachers in the state schooling system make use of the contained in the Itaú Text Creation Kit when planning the school curriculum or for Portuguese language classes.

The University of São Paulo is using texts written by students enrolled in the Writing the Future Award as research material in its postgraduate linguistics course.



### Improving Municipal Schooling

The Improving Municipal Schooling Program is being run in municipalities with low HDI (Human Development Index) scores, with the aim of advising and strengthening the public and private sector teams involved in primary education in each municipality. The Program was created in 1999 and is coordinated by the Center for Studies and Research in Education, Culture and Community Action (Cenpec) in association with the United Nations Children's Fund (Unicef) and the National Union of Municipal Education Officers (Undime).

Partnership with the São Paulo state Planning and Education departments made it possible to run the Program in 139 municipalities in the state of São Paulo in 2005, grouped into 10 Regional Training Centers directly involving 417 educators and, indirectly, 210,000 children and adolescents. The program was subsequently taken to 31 municipalities in the state of Piauí, with the participation of 60 educators and indirectly benefiting close to 50,000 children and adolescents.

The Program has also been working together with municipal authorities and NGOs in Brazil's semi-arid Northeastern region since 2003. These include RESAB (Education for Brazil's semi-arid Northeast) and IRPPA (Regional Small Farmers' Institute). The idea is to develop a political/educational proposal for improving community interaction with the environment in all its dimensions.

### Education and Participation

The purpose of the Education and Participation Program is to support initiatives taken by NGOs to improve education and learning opportunities for children and adolescents. Created in 1995, it is run in association with Unicef and includes the Itaú-Unicef Award, Educator Meetings and Socio-educative Learning Managers' Program.

#### ● The Itaú-Unicef Award

This Award was created in 1995 as a way of supporting the work done by NGOs with children and adolescents aged between 6 and 18 in out-of-school hours. Held only in odd-numbered years, the Award rewards and encourages the work done by non-profit non-official entities in collaboration with the public schooling system to help teach socially and economically vulnerable Brazilian children and adolescents. More than 5,000 projects have been entered for the 6 editions of the Award held so far.

The theme of the sixth edition of the Award was "Education and Participation – Weaving the Fabric". Entrants numbered 1,682, grouped into eight regional hubs: Belém (PA). Fortaleza (CE). Belo Horizonte (MG). Rio de Janeiro (RJ). Greater São Paulo. Ribeirão Preto (SP). Curitiba (PR) and Goiânia (GO).

Under the umbrella of the Itaú-Unicef Award, the Education and Community Seminar was held in São Paulo, with the participation of 342 representatives of NGOs, schools, the authorities and other sectors of society, calling for greater reflection on and understanding of full-period education.

The emphasis in even-numbered years is on training the NGO educators who entered for the Award, going deeper into contemporary issues of education and social assistance.

### ○ Educator Meetings

The Meetings are intended to train educators working in NGOs and help improve their performance. They are also intended to prepare participants to pass on the reflections and results of the meetings to other educators and to encourage their participation in the formulation of public policy.

### ○ Socio-educational Learning Officers

This Program helps NGO workers and the authorities to plan and execute activities that complement the school curriculum. This involved 20 municipalities during 2005 in São Paulo, Belo Horizonte, Curitiba, Santos and the interior of the state of São Paulo.

The Movement in Favor of Full-period Education Seminar held in Belo Horizonte drew 183 representatives of NGOs, schools, authorities and other sectors of society.

### Urban Youth

The Urban Youth Program was created in 2004 and invests in training for young people living in depressed urban areas, in partnership with the NGOs working in those communities. The intention is to improve educational levels and stimulate the development of basic personal skills and abilities. It was designed to broaden the cultural and social horizons of these young people and help them prepare for the world of work.

To this end the Itaú Social Foundation established a broad range of partnerships with private and official entities: 10 NGOs responsible for teaching young adults, state and local governments, technology partners and other institutions. Overall coordination is provided by the Center of Studies and Research in Education, Culture and Community Action (Cenpec).

Towards the end of 2005 coordination started on partnerships for implementing a second shift in São Paulo and opening classes in Rio de Janeiro.

The big dilemma that the Foundation intends to open up for discussion with all sectors of society concerned with issues of educating and training the young is what is the right path for introducing these youngsters to the job market. The traditional way has been to provide professional training, which has not, however, managed to effectively incorporate young people into a stable and productive existence. On the other hand, it has still not been possible to evaluate the effect of a broader curriculum on the productive lives of these young people and their consequent incorporation into the job market, since such initiatives date from only five years ago.

### Economic Evaluation of Social Projects

This Program offers social project managers the instruments for evaluating the impact and the economic return on their projects. It is run in association with a market professional and the Credit and Advisory Area of Banco Itaú, which is responsible for technical project coordination.

The methodology used was presented in 2005 to 53 representatives of NGOs and public authorities in the form of courses on the economic evaluation of social projects. The II Economic Evaluation of Social Projects Seminar was held in Rio de Janeiro, with the participation of 200 people. Discussions were held on the importance of properly evaluating social projects, with presentations on methodologies, techniques of evaluation and microcredit.

**More than 5,000**  
**projects entered for the six editions**  
**of the Itaú-Unicef Award**

### Support for Microcredit Program

Banco Itaú's daily interaction with social organizations has helped it identify a new opportunity for investing the resources available for microcredit in such a way as to produce the maximum impact on the socio-economic development of the community.

The Itaú Social Foundation, due to its network of partners and its understanding of the target public (Public Interest Organizations), has an important role to play in coordinating an institutional structure capable of complementing the resources it makes available for microcredit. In 2005 it launched its Microcredit Program. At the beginning of the year some 200 Public Interest Organizations were registered with the Justice Department as microcredit operators. By the end of the year there were more than 260. Rather than an increase in the number of institutions, the challenge facing the sector is how to turn the existing Public Interest Organizations into stronger institutions, how to expand their operations and help them serve regions not yet served.

Based on this line of thinking, the Itaú Social foundation embarked on two initiatives, described below:

#### ● The Itaú Entrepreneur Support Award

The Award was created for the purpose of identifying, divulging and supporting the work of Public Interest Organizations that, by granting credit to low-income entrepreneurs, increase productive activity, stimulate the generation of jobs and incomes and contribute to the economic development of the regions they work in.

The 44 institutions entered for the Award were evaluated according to principles such as corporate governance and transparency, efficiency, sustainability, focus, penetration and portfolio quality, among others.

Six finalists were chosen to receive a total of R\$190,000 in awards to develop their activities according to the Business Plans presented by each of them.

The Award made it possible to map out the operations of Public Interest Organizations in Brazil. The information will be used by the Itaú Social Foundation to design initiatives for strengthening these Organizations, as well as to develop liability-side strategies for Banco Itaú.

All the institutions that participated in the Award process will receive their individual evaluations, according to the analytical criteria used, in early 2006.

#### ● Pilot Project: SERTA

In 2001, SERTA (Alternative Technology Service) created a Revolving Fund for financing the initiatives of young people in the Glória de Goitá region of the state of Pernambuco. With the idea of encouraging the creation of new microcredit institutions, the Itaú Social Foundation, with the help of specialized consultants, helped SERTA structure itself as a credit Public Interest Organization.

## Projects undertaken – Results

Itaú-Unicef Award	<ul style="list-style-type: none"><li>11,682 projects entered</li><li>247 people trained in project analysis</li><li>210 semifinalists</li><li>30 finalists – regional winners</li><li>3 national winners</li><li>R\$ 520,000 in prizes</li><li><b>Investment: R\$ 5.5 million</b></li></ul>
Socio-educational Learning Officers Project	<ul style="list-style-type: none"><li>Direct beneficiaries: 233 professionals from 117NGOs, 166 government technicians and 60 public schooling system professionals</li><li>Indirect beneficiaries: 14,000 children and adolescents</li><li><b>Investment: R\$ 1.1 million</b></li></ul>
Writing the Future Program	<ul style="list-style-type: none"><li>550 teachers and coordinators from 9 state Education Departments trained to create new ways of teaching language through the use of different text styles.</li><li>Approximately 5,000 teachers contacted by the program communicators and coordinators, representing more than 3,000 schools in 956 municipalities.</li><li>More than 60,000 copies of the Poised Pen yearbook distributed in two editions.</li><li>7 remote learning courses held at the Virtual Community, with the participation of about 200 educators.</li><li>Production of the Hand and Chalk program, screened by Futura Channel</li><li><b>Investment: R\$ 1.7 million</b></li></ul>
Improving Municipal Schooling Program	<ul style="list-style-type: none"><li>Implemented in 170 municipalities in the status of São Paulo and Piauí</li><li>Direct beneficiaries: 477 education officers (Education secretaries, Education Department technical staff, school education directors and coordinators, councilors and community representatives)</li><li>Indirect beneficiaries: 260,000 children and adolescents</li><li><b>Investment: R\$ 1.1 million</b></li></ul>
Urban Youth Program	<ul style="list-style-type: none"><li>Direct beneficiaries: 480 young people aged 16 to 24, from high risk districts for young people (Brasília and Campo Limpo in the city of São Paulo)</li><li>18 projects developed and executed by the young people in their communities.</li><li><b>Investment: R\$ 1.4 million</b></li></ul>
Economic Evaluation of Social Projects Program	<ul style="list-style-type: none"><li>Direct beneficiaries: 53 persons from 49 different social organizations</li><li><b>Investment: R\$ 225,000</b></li></ul>
Support for Microcredit Program	<ul style="list-style-type: none"><li>44 institutions entered for the Itaú Entrepreneur Support Award</li><li>6 prize-winning finalists</li><li>3 outright winners</li><li>R\$ 190,000 and 6 computers in prizes</li><li><b>Investment: R\$ 532,000</b></li></ul>

# R\$ 190,000

paid in prizes to the finalists of the Itaú Entrepreneur Support Award

### Principal Projects supported

#### Solidarity Literacy Program

Created by the Community Solidarity Council in 1997 to reduce illiteracy rates among young people and adults, but mainly in the 12 to 18 years age bracket, in association with companies, government authorities, universities and individuals.

### Results/Impact/Amount Invested

- 1,125 students and 45 literacy teachers in the municipalities of Itaobim, Águas Formosas and Águas Vermelhas, state of Minas Gerais
- **Investment: R\$ 190,000**

#### Futura Channel

Launched in 1997 as an initiative of the Roberto Marinho Foundation and other large corporate groups. Its mission is to improve educational levels and provide access to information and knowledge.

- 24 hours/day programming
- Targeted at schools, businesses, churches, hospitals, day-care centers, libraries, prison facilities and community associations in 17 states
- 11,617 social organizations enrolled, with a total of 2 million people
- 400,000 educators trained
- **Investment: R\$ 2.2 million**

#### School Volunteer Award

Now in its fourth edition, this is a partnership with Rádio Bandeirantes for publicizing and rewarding social projects run by schools in the states of São Paulo and Rio de Janeiro.

- 244 schools participated
- Educators and students from the ten schools shortlisted as semifinalists received training in communication and volunteer work
- **Investment: R\$ 460,000**

The Foundation has also supported entities such as the Dorina Nowill Foundation, The Catholic Women's Association, the Bone Marrow Assistance Association, AACD (Children with Disabilities Assistance Association), APAE (Parents and Friends of Children with Disabilities Association), charitable hospitals and hospital units and projects under the umbrella of the Zero Hunger program.

### Donations to the Brazilian Statute of Child and Adolescent Rights

Group companies donated a total of R\$2.6 million in 2005 to municipal and state Funds for Child and Adolescent Rights. The funds went towards social projects run by institutions of unimpeachable reputation, approved by the Children and Adolescent Rights Councils.



### Goal for 2006

- The programs developed by the Itaú Social Foundation during 2005 will be continued into 2006, for an estimated investment of R\$ 30 million.
- Further research into questions of socio-educational activities and the impact of awards and prizes on NGOs (Itaú-Unicef Award and projects entered for the Award), for the purpose of developing socio-educational work quality indicators.
- Invest in local partnerships (Undime, Congemas, Consed and Futura Channel) so as to expand the reach of socio-educational activity and strengthen coordination in the fields of infancy and adolescence.
- Create a virtual environment for training at the organizations entered for the 2005 Itaú-Unicef Award.
- Round out the program for training young people in depressed urban areas with one more shift in the São Paulo Urban Youth Program and a new one in Rio de Janeiro.
- A 100% increase in the number of schools participating in the 3<sup>rd</sup> edition of the Writing the Future Program, with a 50% repeat rate by the schools that took part in 2002 and 2004.
- Expand training of the agents for disseminating the principles and methodologies of the Improving Municipal Schooling Program by opening new municipal centers.
- Invest in improving Third-sector entity management skills.
- Support Banco Itaú's microcredit initiatives by coordinating with Public Interest Organizations and social development organizations to ensure improved economic results.
- Break down the distance between Itaú's branch network and the communities surrounding them through community work and social investment.
- Introduce results evaluation to all Itaú Social Foundation Programs.



Learn More

About the Itaú Social Foundation's activities on the [www.fundacaoitausocial.org.br](http://www.fundacaoitausocial.org.br) website.

# R\$ 2.6 million

## donated by Group companies to Funds for Child and Adolescent Rights

# Itaú Cultural Institute

The Itaú Cultural Institute has become a cultural benchmark, with three main fields of activity: broadening access to culture; bridging between artists, producers and cultural activity; and generating innovative cultural content.

In its 19 years of existence, the Itaú Cultural Institute has become a benchmark in promoting and spreading Brazilian culture throughout the country. The Institute is active in many different areas of expression and research and develops ongoing, integrated projects that highlight the value of artistic production and provide broader access to culture. Its mission is to help people develop their cultural backgrounds and recognize Brazil's cultural diversity.

The Institute structures its activities around three main vectors: democratic access to culture; building bridges between artists, producers and cultural activity; and generating unique cultural content. The Institute's activities include the Directions Program; multidisciplinary cultural activities such as temporary exhibitions and The Ideas Game program; partnerships with institutions from all over Brazil and abroad; and projects that use new communications technologies, such as the Itaú Cultural Visual Arts Encyclopedia.

## Access to culture

During 2005, 70 cultural events were produced, covering every single Brazilian state, not counting more than a hundred events at the Institute's central premises in São Paulo. All of them offered unrestricted access to

specialists and the general public – educators, critics, curators, artists, journalists and Third-sector representatives. The events held at its central premises received more than 300,000 visitors and spectators, and those held elsewhere in the country received over 8,000. The Institute believes in culture as an instrument of social transformation and consequently as a collective right. It also believes in and subscribes to Itaú's commitment to the development of this country and seeks to expand the reach of its activities through one distinguishing feature: all its events and activities are free (the events themselves, teacher training, transportation for public schooling system students, courses and distribution of products).

Itaú Cultural attributes great importance to the development of specialized professionals and contributes to this by inviting the public to reflect on and communicate the diversity of Brazilian artistic expression. It also supports research into the relation between art and technology, making extensive use of technological resources to bring cultural production within the reach of the public. The Institute's educational programming is further evidence of the social impact of its activities.

The Itaú Cultural Institute invested R\$25.5 million in 2005, of which R\$19.8 million under Rouanet Cultural Law tax incentives.



## Corporate Governance

Itaú Cultural has been declared to be of public interest by the Ministry of Justice and its every step is guided by the principles of transparency, equity and continuity. Under guidance from Itaú, it has distinguished itself from other cultural institutions by its pioneering approach to culture and its benchmark approach to Corporate Governance.

These issues are separated into four main themes: the structure of the Executive Committees; constant revision of the concepts of Mission, Vision and Values; Continuity, Conduct and Conflicts of Interest; and Compliance.

The Executive Committees decide on issues like operational risk, information security, human resources policy, financial management, strategy, internal communication and moral and ethical issues. A committee exists to analyze the Institute's programming from a conceptual angle.

In 2005, with the help of outside consultants, top management and selected staff members formed a work group charged with revising the concepts of the Institute's Mission, Vision and Values and with drafting a new Code of Conduct.

Itaú Cultural's mission is that of an enduring and forward-looking company: "To develop and organize activities for and generate understanding of Brazilian art; to apprehend and broaden access to culture; to promote social participation."

The Code of Conduct expects management and employees to commit to comply with the principles and policies established therein. The Institute's Ethics Committee was responsible for drafting, revising and communicating the guidance contained in the Code.

Its main responsibilities are: to inculcate and disseminate a culture of Internal Control and Compliance; answer queries and clear up doubts; rule on kinds of behavior not provided for in the code; and decide on infractions that will subsequently have to be raised to the attention of the Itaúsa Superior Ethics Commission.

Respect for the Law and the clear intention to see it applied within the Organization led the Institute to create an Internal Controls and Compliance area in 2002, bringing it into line with the regulators, contributing to the concepts of legality and citizenship and endowing its operational structure with best practice.

## Itaú Cultural Directions 2005-2006

Art and Brazilian intellectual production are the building blocks of the Itaú Cultural Directions Program, launched in 1997. Its mission is to support, inventory and promote this production throughout the country, bridging between cultural protagonists, artists, researchers and institutions. The Directions Program is the Institute's principal vehicle and has nationwide coverage. By ranking and selecting projects from all over the country, it sets them in motion, resulting in interactions between artists, curators, thinkers, dealers, producers and technicians.

In 2005, the Institute issued public invitations to participate in exhibitions in the Visual Arts and the Education, Culture and Art categories. A total of 1,563 entries were received, of which 83 were selected for awards.

In its first edition, the Education, Culture and Art Directions program plotted the outline of informal education and selected as winners educators working in the field of culture and art in organizations dedicated to the human

# R\$ 25.5 million

## in investments by Itaú Cultural

development and social inclusion of children and adolescents. Fourteen debates and show-classes attracted over 2,300 educators. Another 14 debates among members of the Visual Arts category were attended by 1,225 spectators. All of these activities were held in the capital cities or major cities of states in all regions of the country.

The Music and Literature/Audi-fiction Directions program, initiated in 2004, launched a Directions – Brazil in 9 CDs set, seven of which contain 100 phonograms of the 50 prize-winning entries in the music category and the other two containing 18 award-winning soundtracks from the Adaptation of Unedited Texts and Adaptation of Published Literary Text/Audi-fiction categories.

The Brazilian Music Directions – Thoughts and Reflections documentary, released in 2005, contains records of the discussions held during a series of lectures sponsored by the Directions program in 2004. This year the pioneering Silent Visions spectacle was performed, in which the nine spoken adaptations from winning unpublished texts in the Literature/Audi-fictions category were performed live and in silence. The audience followed the narratives being performed on the stage through digital sound equipment.

The output of the Cinema and Video Directions edition – a series of five documentaries entitled Brazil 3x4 – was shown at both Brazilian and international events during the course of the year. A good example was the invitation from the French branch of Unesco for Brazil 3x4 to participate in a symposium on audiovisual arts in Latin America, held in Mexico. As a result, Itaú Cultural's audiovisual output will be integrated into the Institute's virtual platform. The winning artists in the Dance Directions Program were invited to perform in major

Brazilian and international events, such as the Move Berlin event, in Germany.

The Cultural Journalism Directions Dialog, targeted at journalism, radio and TV teachers, artists, producers and cultural journalists, contributed Brazilian press comments to the closing stages of this module. The dialog ended with an evaluation of the results of the program, which, during 2005, offered award winners experience with cultural journalism, by means of new texts, chats, meetings with intellectuals and a virtual laboratory.

### Multidisciplinary Activities

Multidisciplinary activities were organized in 2005 into groups according to specific themes, which then received contributions from the Institute's different areas of expression – visual arts, performing arts, audiovisual music, literature, media, art and education – regarding the concepts and purpose of such activities.

### Exhibitions and multidisciplinary events

Itaú Cultural held three temporary in-house exhibitions during 2005. The *Body in Contemporary Brazilian Art*, tracing images of the human body in Brazilian art from the 1960s to the present, received 70,000 visitors. The *Digital Kinetics* exhibition, a historical, aesthetical and educational exploration of computer art drew an audience of 64,500 people, as well as a seminar and other events in the fields of literature, cinema, music and education. The third major theme was art and play and the *Homo Ludens: From Make-believe to Vertigo* exhibition, illustrating the relation between play and art with a series of Brazilian art works from the beginning of the XXth century to the present. The exhibition went on until January 2006 and was seen by 107,000 visitors. Books, folders, DVDs and sites were produced for each of these exhibitions.



### The Ideas Game

The Ideas Game celebrated its 100th program in 2005. The TV interview series invited leading figures in the fields of literature, journalism, education, music, cinema and the performing arts to talk with the public. The guests interviewed by journalist Claudiney Ferreira included the writer Lygia Fagundes Telles, moviemaker Jorge Furtado, education expert José Pacheco (founder of the Ponte school in Portugal), choreographer Osvaldo Bertazzo and the composer and singer Antonio Vieira from the state of Maranhão. The program is broadcast weekly by educational, university and community channels in 22 states, as well as in Japan by the IPC TV channel.

### Cultural education

The Cultural Education group works on products, educational activities and national and international programs for promoting Brazilian culture. Its activities involved more than 105,000 persons across the country.

It is mainly targeted towards students at the public schooling system wanting to visit the temporary exhibitions and the Numismatics Museum collection. Meetings are held with teachers as well as daily visits to the Institute's multimedia space, with free access to the Internet.

Approximately 900 teachers participated in these meetings during 2006 and visitors to the multimedia space average 200 per day. The two main programs are as follows:

- Writing in the Classroom – develops teachers' ranges of reference and stimulates reading among primary and high school students in thirteen states in Brazil. It involves orientation and the distribution of free support materials to teachers. Coverage went countrywide during 2005 thanks to partnerships with the education departments of the states of Amazonas, Pernambuco, Espírito Santo and Rio de Janeiro, as well as the Municipal Education Department of Campo Grande and the Curitiba Cultural Foundation. About 460 teachers underwent the course at the Institute's premises in São Paulo, while another 500 did the course remotely, under the coordination of the São Paulo state Education Department. Teachers and assistants received 4,500 sets of supporting material and 3,000 instructors are estimated to have been involved in training activities throughout the country.

**70 cultural events**  
**held by Itaú Cultural**

- The Plural Culture Program – involves the Read the World/Awaken and the Creativity workshops. The Read the World/Awaken workshops help educate young people at the premises of the Awaken Community Association in the southern part of São Paulo and work with 200 students. The Creativity workshops are for children and adolescents facing situations of social risk and endeavor to stimulate their creativity through visual arts techniques and group activities. The Padre Batista, Marly Cury and Taiguara shelters participated in this program in 2005, which was attended by 510 children.

### Remote Action

Remote action means communication by radio and TV broadcasting and the Internet.

The Itaú Cultural website features a Visual Arts Encyclopedia, the country's largest on-line reference source, with more than 10,000 images from over 3,000 artists. The Encyclopedia was overhauled in 2005 to give it a more complete search system, news ways of navigating and a new design. Some of the entries are now available in English, Spanish and French. The Encyclopedia had registered approximately 1.6 million accesses by the end of 2005. The Itaú Cultural Theater Encyclopedia, a virtual source of reference on the Rio de Janeiro and São Paulo theater world, was given another 42 entries during the year.

Another popular reference work on the site is the Cyberculture magazine, registered at the International Center of the ISSN (International Standard Serial Number), an internationally known entity for creating and maintaining international standards relating to serial publications. The magazine contains articles by academics and specialists and reviews of articles on digital culture, Radio communication is through partnerships.

Radio France International broadcast a program featuring the winners of Music Directions. Around 50 radio stations of the RFI radio network will receive 500 copies of the program. The Citizens' Band network distributed 10 radio programs based on material from the Directions CD set to 300 Brazilian radio stations.

### Relations and Partnerships

#### Citizens' Band: Radio Broadcasting. Culture and Education

The Citizens' Band, created in 2003, provides support and material for a network of radio stations, broadcasters, journalists and community representatives dedicated to broadening access to education, culture and civil rights. The third edition of the Citizens' Band Meeting was held in 2005 during the 1<sup>st</sup> National Arpub/Itaú Cultural meeting, between the Institute and the Brazilian Public Radio Association (Arpub). The meeting was attended by around 150 representatives from 31 radio stations from 15 states, including Rádio MEC (Ministry of Education and Culture), Radiobrás, Rádio Inconfidência Mineira and Rádio Cultura de São Paulo.

Another initiative was to invite 600 commercial, community, educational and university radio stations to broadcast 10 radio programs drawn from the 100 phonograms of the 50 winning artists and groups in Music Directions. The phonograms are part of the *Directions – Brazil in 9 CDs* set. Three hundred radio stations signed expressions of interest. An additional 50 will also receive the Directions set.



### International relations

International activities began in 2004 with the mission of reinforcing the Institute's overseas presence and promotion of Brazilian culture.

Radio France International produced a program with music and interviews with the winners of the Directions Music program. The Brazil Year commemorations in France included shows by Music Directions finalists. Itaú Cultural staged itinerant shows of videos and dance performances in countries like Italy, Germany, Colombia, Mexico, France and Uruguay.

International ties were strengthened, primarily with the overseas Brazilian Studies centers, under the wing of the Ministry of Foreign Relations, with Brazilian Studies groups in international universities and with strategic and internationally recognized institutions. The Institute distributed nearly 400 different items of cultural output in 94 countries.

Itaú Cultural was invited by the Banff Centre to take part in an event called Refresh! The First International Conference

on the Histories of Media Art. Science and Technology, about new media forms, art and technology in Canada.

### Partnering with TVs

The Ideas Game program is broadcast weekly to 22 Brazilian states by the following TV stations: TVE Brasil, Rede Minas, TVE Rio Grande do Sul, TVE Bahia, TV Nacional Brasília, TV PUC/SP, TV Cultura do Pará, TV UFRN, TV Sesc Senac and TV Sest Senat.

Partnership with TVE Brasil was key to achieving nationwide coverage, enabling the program to be retransmitted to TVE Maranhão, TVE Mato Grosso, TVE Paraíba and TVE Roraima. The partnerships with Rede Minas, TVE-RS, TVE-BA and TV Cultura do Pará resulted in the production and recording of special editions of the program.

Itaú cultural has established a partnership with the Pará state Arts Institute in Belém for promoting literary encounters, seminars, exhibitions, shows taken from the Directions program, recordings of the Ideas Game and movie and video screenings.

# 94 countries

## received cultural material distributed by Itaú Cultural

### Goal for 2006

- Continuation of projects that are multidisciplinary, have nationwide coverage and whose programs, services and products are free.
- The Institute will continue to work with large theme blocks in which the areas of expression will be worked on in a multidisciplinary way. Meetings will be held on and activities organized around specific themes. Emphasis will be given to bridging between artists, other cultural protagonists and professionals in each theme.
- A Culture Observatory is going to be set up, a space for reflection and comprehension of current thinking on artistic, economic and social movements and their bearing on the world of culture. The Observatory plans to provide input for the policies and activities to be undertaken by the Institute in the years to come. The Observatory's diagnoses will be published.
- The Directions program will continue producing the editions launched in 2005 as well as issuing invitations to participate in new editions: Cinema and Video, Dance and Art and Technology. In the field of Visual Arts, an exhibition will be held in São Paulo and Rio de Janeiro of the winning entries to that program, excerpts of which will also be shown in the states of Santa Catarina, Pará, Mato Grosso and Ceará. The program will be complemented with seminars, folders with information on the program, history of art courses and special arrangements with institutions in Brazil or overseas that offer artists training courses or residential workshops. In the field of Education, Culture and Art, the results of the program will be published and training sessions will be held.
- The program for revealing new photography talents will continue, with three exhibitions planned at the Institute's premises.
- Another nine volumes will be issued in the 10 DVD Brazil Playing series, as well as five DVDs of music from the Music Directions program. The collections will be produced using the latest digital technology and will contain the entire show, statements, interviews and making off and will be distributed to educational and community TV stations, radio stations, websites and cultural institutions in Brazil and overseas. Partnerships will be entered into to put the titles on sale in Brazil.
- Itaú Cultural will reinforce its presence as a media-art benchmark in Brazil and internationally with the third edition of its Artificial Emotion exhibition, in which media centers from several other countries will participate.
- The Institute will continue to distribute material for Brazilian Studies centers, will intensify contacts with foreign universities, will promote cultural exchanges, make the foreign language versions of the Itaú Cultural Visual Arts Encyclopedia available through links on the websites of other cultural institutions and make closer contact with the global media channels broadcasting content.



Learn More

About the activities of the Itaú Cultural Institute on the [www.itaucultural.org.br](http://www.itaucultural.org.br) website.

# Banco Itaú BBA

Banco Itaú BBA focuses on projects for improving primary education.

## The keynote projects in 2005 were as follows:

### Updating the Curriculum

Objective: Teacher training and handouts of teaching material.

- Implemented at two municipal schooling system schools in São Paulo, with 1,551 students in the 1st to 8th grades, 42 teachers and 3 course coordinators as beneficiaries.

### Solidarity Literacy Program

Objective: Give adolescents and adults regular access to basic education

- The funds invested helped educate 7,687 students and train 391 literacy instructors in 12 municipalities in the Northeast of the country.

### ACTC (Cardiac Children and Heart Transplant Assistance Association)

Objective: Multidisciplinary teaching for children with heart disease

- 18,750 children received education in 2005.

### Municipal Child and Adolescent Protection Fund

The Bank made contributions to the following entities:

- Acaia Institute – takes care of 130 children and adolescents;
- Salesian College of São Carlos (SP) – cares for 1,498 children and adolescents;
- Association of People Suffering from Autism in Campinas (SP) – looks after 51 children and adolescents;
- Verter Institute;
- Souza Novaes Institute.

During 2005 Itaú BBA invested in support for the following projects and social organizations: Association for the Therapeutic Potential of Stem Cells and Umbilical Cord Blood – Albert Einstein Hospital; Ária Social; Fundação Getúlio Vargas Study Grant Fund; São Paulo Institute against Violence; ORT – Israeli-Brazilian Organization, Reconstruction and Work Society; ARCO Charitable Organization and the Grow in the Country Civil Society.

# 7,687 students

in 12 municipalities in the Northeast benefited from Itaú's support for the Solidarity Literacy Program



# Environment

Itaú practices the rational use of natural resources by reducing its consumption of water and electricity and its generation of emissions and solid waste, including waste paper.

Itaú pays close attention to the environmental consequences of its day-to-day activities. It has introduced the concept of rational use of natural resources and endeavors to develop an environmentally responsible culture in each of its activities.

## Rational Use of Resources

### Water

Itaú consumed 727,640 m<sup>3</sup> of water in its administrative centers and branch network in 2004. Consumption was 775,615 m<sup>3</sup> in 2005, due to higher average temperatures and an expansion of the branch network. The increase in consumption, however, was proportionately less than the increase in the number of employees. Also the 2005 consumption was still 11% lower than in 2003.

The rational use of resources measures taken in 2005 included the re-utilization of water at the Eudoro Villela Tower of the CEIC Itaúsa Corporate Center, resulting in a 50,000 liter/day reduction in consumption, and the retrofit of the lavatories at the CTO Technical Operations Center carried out between 2004 and 2005 (61x121 basins).

### Electricity

The Bank consumed 321,306 MWh of electricity at its administrative centers and branch network in 2005, more than the 311,531 MWh consumed in 2004. Higher temperatures and expansion of the branch network were once again the explanation, and once again the increase in consumption was lower than the increase in number of employees.

### Solid waste and waste paper

The Bank recycles certain models of printer cartridges collected at its CEIC and CTO administrative centers. Around 1,800 cartridges per year are recycled. Non-recycled cartridges and toners are donated to charitable institutions.

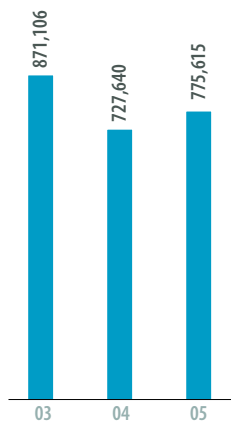
The company collects roughly 14.5 tons every year of plastic cups and aluminum cans. There are bins for recycling these items at the administrative centers.

Recycling of waste paper is done in two ways:

- in São Paulo an outside company collects and shreds waste paper, which it pays for per kilo, yielding the Bank roughly R\$180,000 per year for about 425 tons, which is donated to the Itaú Social Fund.

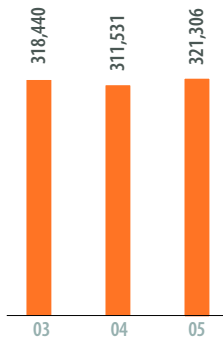
#### Total water consumption

Water consumption (m3)



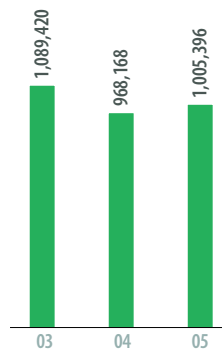
#### Direct electricity consumption

Electricity consumption (MWh)



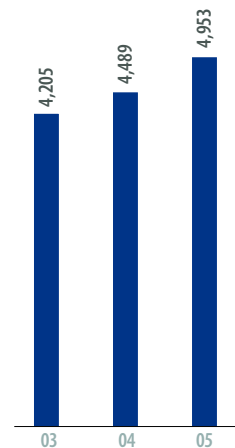
#### Total use of materials by type (except water)

A4 paper (in reams)



#### Total quantity of waste material by type and final destination

Total waste material (x103 tons)



- In Rio de Janeiro a NGO called Donate your Trash picks the waste paper up from the Rio head office and branches and keeps the proceeds.

#### Internal air quality

All the Bank's buildings, branches and administrative centers are inspected and air quality controlled.

#### Reduction in harmful emissions

A system for treating the gases produced by the generators at the Eudoro Villela tower at the CEIC went into operation in 2004. The compressors that power the air conditioning at the CTO center were substituted by new compressors using HFC-134A<sup>a</sup>, which does not damage the ozone layer. The last two compressors out of a total of five were substituted during 2005.

#### Conservation of city squares and green areas

The Bank takes care of the maintenance and preservation of the Lina municipal park as well as the green areas surrounding the CEIC center in São Paulo, which cost in the region of R\$330,000 for 2005.

#### The Spring Planting Campaign

The aim of the project is to raise the awareness of the population as regards the need to preserve the environment. The campaign was rolled out at 700 branches in 2005 and 130,000 kits containing around half a million Tinguaciba tree seeds were distributed to celebrate the arrival of spring. The campaign, organized with the help of the Akatu Institute, also spread the message of responsible consumption. In addition to the seeds, teachers all over the country received 700 "Responsible consumption Tree" kits.

# 500,000

**Tinguaciba tree seeds were distributed through Itaú branches to celebrate the arrival of spring**

# Recognition

The activities of the Itaú Social Foundation and the Itaú Cultural Institute were singled out for distinction by a variety of social organizations for the seriousness of their projects and of those working on them.

- Itaú received the HR Citizen Award from Management and HR magazine for its Itaú Family project.
- The Health Time Program won the National Quality of Life Award from the Brazilian Quality of Life Association (ABQV).
- The Star Service program received important recognition in the form of the ECO 2005 award, sponsored by the American Chamber of Commerce, in the Respect for the Customer category.
- As recognition for the work done in the field of education, the Itaú Social Foundation received the Millennium Development Goals – Brazil award for its Writing the Future program, category Organizations.
- The Itaú Cultural website was the winner of the Ibest 2005 as the best Brazilian Internet site in all categories and, for the third consecutive year, the best in the Art and Culture category.
- Itaú Cultural was one of the winners of the 1<sup>st</sup> Cooperifa (Conscience and Attitude) award from the Depressed Urban Area Artists Cooperative, in two categories: Project/Literature, for its backing for “Gunpowder Trail”, a book published in 2004, and Project/Music, for its support for the cooperative’s first CD.

## Principal Performance and Social Indicators

(Values in R\$ thousands)

<b>1 - Basis for calculation</b>	<b>2005</b>	<b>2004</b>
Net Earnings (NE)	11,156,714	10,200,105
Operating Income (OI)	8,182,604	7,341,693
Gross Payroll (GP) (a)	4,428,350	3,573,445

(a) excluding spontaneous benefits.

<b>2 - Internal Social Indicators</b>	<b>Amount</b>	<b>% s/GP</b>	<b>% s/NE</b>	<b>Valor</b>	<b>% s/FPB</b>	<b>% s/RL</b>
Meals	264,357	5.97	2.37	233,077	6.52	2.29
Mandatory payroll taxes (b)	822,099	18.56	7.37	688,343	19.26	6.75
Private Pension Plans	31,481	0.71	0.28	31,839	0.89	0.31
Health	157,956	3.57	1.42	117,226	3.28	1.15
Workers' Health and Safety	3,003	0.07	0.03	1,135	0.03	0.01
Education	7,115	0.16	0.06	3,884	0.11	0.04
Culture	–	–	–	–	–	–
Transportation	27,456	0.62	0.25	20,189	0.55	0.20
Professional Training and Development	51,872	1.17	0.46	45,354	1.27	0.44
Daycare centers or assistance	15,954	0.36	0.14	15,700	0.44	0.15
Profit sharing (c)	679,333	15.34	6.09	513,144	14.36	5.03
Other benefits	40,992	0.93	0.37	50,251	1.41	0.49
<b>Total – Internal Social Indicators</b>	<b>2,101,618</b>	<b>47.46</b>	<b>18.84</b>	<b>1,720,142</b>	<b>48.14</b>	<b>16.86</b>

(b) INSS/IAPAS social security charges

(c) Gross. Prior to 2004 profit sharing was considered net of taxes. From 2005 onwards profit sharing will be considered on a pre-tax basis.

<b>3 - External Social Indicators</b>	<b>Amount</b>	<b>% s/OI</b>	<b>% s/NE</b>	<b>Amount</b>	<b>% s/OI</b>	<b>% s/NE</b>
Education	23,825	0.29	0.21	19,374	0.26	0.19
Culture	28,199	0.34	0.25	27,648	0.38	0.27
Health and sanitation	2,418	0.03	0.02	1,134	0.02	0.01
Sport	–	–	–	50	–	–
Daycare	–	–	–	20	–	–
Prevention of Hunger and Malnutrition	6	–	–	1,257	0.02	0.01
Others	24,914	0.30	0.22	26,208	0.36	0.26
<b>Total Contributions to Society</b>	<b>79,362</b>	<b>0.97</b>	<b>0.71</b>	<b>75,691</b>	<b>1.03</b>	<b>0.74</b>
Taxes (excluding payroll taxes) (d)	4,692,436	57.35	42.06	3,549,405	48.35	34.80
<b>Total – External Social Indicators</b>	<b>4,771,798</b>	<b>58.32</b>	<b>42.77</b>	<b>3,625,096</b>	<b>49.38</b>	<b>35.54</b>

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

<b>4 – Environmental Indicators</b>	<b>Amount</b>	<b>% s/OI</b>	<b>% s/NE</b>	<b>Amount</b>	<b>% s/OI</b>	<b>% s/NE</b>
Investments relating to company production/operations	2,627	0.032	0.024	4,539	0.06	0.04
Investments in outside programs/projects	358	0.004	0.003	411	0.01	–
<b>Total environmental investments</b>	<b>2,985</b>	<b>0.036</b>	<b>0.027</b>	<b>4,950</b>	<b>0.07</b>	<b>0.05</b>

<b>5 - Staff Indicators</b>	<b>2005</b>	<b>2004</b>
Employees at end of period	51,036	45,316
Employees hired during the period	10,432	3,872
Turnover	11.1%	9.6%
Outsourced workers	ND	ND
Trainees	995	1,021
Employees aged over 45	6,926	6,296
Female employees	27,894	24,029
% of management posts held by women	36.6%	35.8%
African-Brazilian employees	1,010	641
Mixed-race employees	4,813	3,617
% of management positions held by African Brazilian and mixed-race employees	4.75%	5.2%
Employees with special needs	1,161	900

## 6 – Selected Measures of Corporate Social responsibility

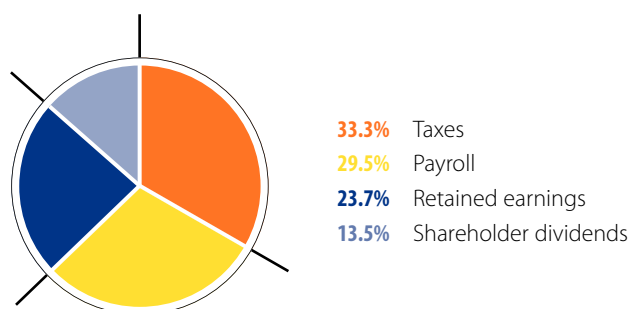
		2005	Goals 2006
Ratio of highest to lowest compensation		nd	nd
Work-related accidents		540	-
Social and environmental projects were decided by:		Executive Directors and managers	Executive Directors and managers
Standards of occupational safety and salubrity were set by:		Executive Directors and managers	Executive Directors and managers
Regarding freedom to unionize, collective bargaining and internal worker representation, the company		Follows ILO rules	Follows ILO rules
Private pension plan covers:		All employees	All employees
Profit sharing plan covers:		All employees	All employees
Requirement that suppliers match Itaú's ethical and social/environmental standards is:		Mandatory	Mandatory
Regarding the participation of employees in voluntary work, the company:		Organizes and encourages	Organizes and encourages
Customer complaints and criticisms at the level of:	The company	Procon	The courts
	110,446	3,350	nd
% complaints and criticisms resolved at the level of:	The company	Procon	The courts
	nd	98.2%	nd
		2005	2004
Total Value-added for distribution ( R\$000)		13,999,493	11,021,341
Distribution of Value-added (DVA)	Taxes	33.3%	34.8%
	Payroll	29.5%	30.5%
	Shareholder dividends	13.5%	12.5%
	Retained earnings	23.7%	22.2%

### Value-added Statement – R\$ thousands

	2005		2004	
	Amount	Part.(%)	Amount	Part.(%)
Earnings from Operations (A)	11,156,714	-	10,200,105	-
Earnings from Insurance Operations (B)	798,239	-	780,738	-
Other Operating Income/expenses (C)	2,044,540	-	40,498	-
Value Added (D = A + B + C)	13,999,493	-	11,021,341	-
Payroll (E) (*)	4,126,879	29.5	3,361,793	30.5
Taxes (F)	4,665,862	33.3	3,832,395	34.8
Shareholder dividends (G)	1,887,835	13.5	1,370,056	12.5
Controlling shareholder	1,853,356	13.2	1,351,419	12.3
Minority shareholders	34,479	0.3	18,637	0.2
Retained earnings (H)	3,318,917	23.7	2,457,097	22.2
Controlling shareholder	3,397,978	24.3	2,424,197	21.9
Minority shareholders	(79,061)	(0,6)	32,900	0.3
Distribution of Value-added (I = E + F + G + H)	13,999,493	100.0	11,021,341	100.0

(\*) Excludes Social Security charges.

### Distribution of Value-added



## Report of Independent Auditors on the 2005 Banco Itaú Holding Financeira S.A. Social Report

1 – In connection with our examination of the financial statements of Banco Itaú Holding Financeira S.A. and subsidiaries as of December 31 2005, on which we issued an unqualified opinion dated February 14 2006, we have reviewed the supplementary information contained in the 2005 Social Report of Banco Itaú Holding Financeira S.A. The preparation of the Social Report is the responsibility of the management of Banco Itaú Holding Financeira S.A. The purpose of our review was to confirm that the information contained in the Banco Itaú Holding Financeira S.A. Social Report for the year 2005 is supported by its information systems, internal controls and outside communications and is properly reported in all relevant aspects.

2 – Our review was carried out in such a way as to provide the basis for our report and included the following procedures: (a) acquiring an understanding of the systems and procedures used to gather and process the information presented in the Banco Itaú Holding Financeira S.A. Social Report; (b) planning the work in accordance with the volume and relevance of the information presented in the Banco Itaú Holding Financeira S.A. Social Report and the systems and procedures used to gather and process such information; (c) discussions with the Bank personnel responsible for preparing this information; (d) verification, on a sample basis, of the evidence and records supporting the information contained in the sections entitled Strategic Partners, Introduction, Message from the President, Principles and Values, Corporate Social Responsibility, Shareholders and Investors, Employees, Suppliers, Customers, the Community, Society, the Environment, Recognition, Principal Economic and Social Indicators – Ibase; and (e) comparing information of a financial nature with the accounting books.

3 – Our work was limited to verifying the information contained in the report prepared by Banco Itaú Holding Financeira S.A. and did not include any analysis or evaluation of the Bank's social responsibility policies. We carried out our work based on: (i) ISAE3000 – International Assurance Standards for non-financial information as issued by IFAC (International Federation of Accountants); (ii) Brazilian Accounting Standard NBC T 15 – Information of a Social and Environmental nature; (iii) Global Reporting Initiative (GRI) Sustainability Reporting Guidelines; and (iv) internationally adopted best practice for the verification of Social Reports. The procedures adopted do not constitute an audit in conformity with the Standards for Independent Auditing of Financial Statements and, consequently, we do not give an opinion as regards the information reviewed.

4 – Based on the procedures described above, we confirm that the information contained in the 2005 Social Report of Banco Itaú Holding Financeira S.A. is properly supported by the information systems, internal controls and the Bank's instruments for monitoring, and is appropriately reported in all relevant aspects.

São Paulo, March 24 2006.

PricewaterhouseCoopers

Auditores Independentes

CRC 2SP000160/O-5

Manuel Luiz de Araújo

CRC 1RJ039600/O-7 "S" SP

Marco Antonio Fujihara

CREA 0600917443

# Global Reporting Initiative (GRI)

Banco Itaú Holding Financeira S.A., as a publicly listed company, discloses its financial statements in accordance with Generally Accepted Accounting Principles and/or prevailing legislation. Publicly listed companies in Brazil and other countries are increasingly being required to adopt greater disclosure transparency by providing social and environmental reports that are not only more comprehensive in scope but are also more directly comparable with those of other companies.

Itaú has adopted GRI (Global Reporting Initiative) reporting format and sustainability indicators in its reports since 2004. GRI is an independent institution that brings together a great variety of sectors (companies, financial markets, consulting companies, non-governmental organizations, environmentalists, academic circles, government representatives and the UN, among others) with the objective of raising sustainability reporting standards to the same level as that enjoyed by financial reporting. To this end, GRI develops and distributes throughout the world its Sustainability reporting Guidelines. We have taken our GRI reporting a step further this year, increasing our level of transparency, consistent with the corporate responsibility strategy that is part of the Itaú group's history and values.

This cross reference index refers to the respective pages of the Social Report, the Annual Report and the financial Statements

Key:

AR – Annual Report

FS – Financial Statements

SR – Social Report

N/AP – Not Applicable

N/AV – Not Available

## GRI Content Index

### GRI

### Indicator Pages

#### 1 Vision and Strategy

- 1.1 Statement of the organization's vision and strategy regarding its contribution to sustainable development. . . . .AR - 2 - 9, 11, SR - 4
- 1.2 Statement from the CEO (or equivalent senior manager) describing key elements of the report . . . . .AR - 2 -9, SR - 2 and 3

#### 2 Profile

##### Organizational Profile

- 2.1 Name of reporting organization . . . . .Covers
- 2.2 Major products and/or services, including brands if appropriate . . . . .AR - 10, 21, 59, 61 - 89
- 2.3 Operational structure of the organization . . . . .AR - 1, 54 - 82
- 2.4 Description of major divisions, operating companies, subsidiaries, and joint ventures . . . . .AR - 59
- 2.5 Countries in which the organization's operations are located . . . . .AR - 59 - 89 and FS - Note 2
- 2.6 Nature of ownership; legal form . . . . .FS - Note 1
- 2.7 Nature of markets served . . . . .AR - 10, 59
- 2.8 Scale of the reporting organization . . . . .AR - 10
- 2.9 List of stakeholders, key attributes of each, and relationship to the reporting organization . . . . .SR - Inside cover

##### Report Scope

- 2.10 Contact person(s) for the report, including e-mail and web addresses . . . . .AR - Inside cover, 94-96, SR - Inside cover, 81
- 2.11 Reporting period for information provided . . . . .AR - 2005, FS - 2005 and SR - 2005
- 2.12 Date of most recent previous report (if any) . . . . .AR - 2004, SR - 2004
- 2.13 Boundaries of report . . . . .AR - 2005, FS - 2005 and SR - 2005
- 2.14 Significant changes that have occurred since the previous report . . . . .AR - Inside cover, FS - Note 1, SR - Inside cover
- 2.15 Basis for reporting on joint ventures, partially-owned subsidiaries, leased facilities, outsourced operations, and other situations that can significantly affect comparability from period to period and/or between reporting organizations . . . . .FS - Note 2 and 4
- 2.16 Explanation of the nature and effect of any re-statements of information provided in earlier reports, and the reasons for such re-statements . . . . .FS - Note 2



# Global Reporting Initiative (GRI)

## Report Profile

2.17	Decisions not to apply GRI principles or protocols in the preparation of the report	N/AP
2.18	Criteria/definitions used in any accounting for economic, environmental, and social costs and benefits	FS - Notes 1, 2, 4, 19, 21 f/g/h
2.19	Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information	No significant alterations
2.20	Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability report	AR - 48 - 50 and SR - Inside cover
2.21	Policy and current practice with regard to providing independent assurance for the full report	FS - Opinion of the Audit Committee, opinion of the External Auditors, opinion of the Fiscal council, SR - inside cover, the Report of the External Auditors, 73
2.22	Means by which report users can obtain additional information and reports about economic, environmental, and social aspects of the organization's activities	AR - Inside cover, 94 - 96, Learn More, SR - Inside cover, 81

## 3 Governance Structure and Management Systems

### Structure and Governance

3.1	Governance structure of the organization, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organization	AR - 46 - 51, 90
3.2	Percentage of the board of directors that are independent, non-executive directors	AR - 46 (29%)
3.3	Process for determining the expertise board members need to guide the strategic direction of the organization	AR - 46 and 49
3.4	Board-level processes for overseeing the organization's identification and management of economic, environmental, and social risks and opportunities	AR - 46
3.5	Linkage between executive compensation and achievement of the organization's financial and non-financial goals	FS - Note 16f
3.6	Organizational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies	AR - 46 - 50 and 90, FS - Opinion of the Audit Committee, Opinion of the Fiscal Council, SR - Report of the External Auditors
3.7	Mission and value statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental, and social performance and the status of implementation	AR - 11, 44 and 45, 47 - 51, SR - 4 - 8
3.8	Mechanisms for shareholders to provide recommendations or direction to the board of directors	N/AV

### Stakeholder Engagement

3.9	Basis for identification and selection of major stakeholders	AR - 10, SR - Inside cover, 4 - 67, 71 and 72
3.10	Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group	SR - 6, 7, 12 - 15, 25, 29 and 30, 34 - 36, 38
3.11	Type of information generated by stakeholder consultations	SR - 25, 37 and 38
3.12	Use of information resulting from stakeholder engagements	SR - 25, 34 - 37

### Overarching Policies and Management Systems

3.13	Explanation of whether and how the precautionary approach or principle is addressed by the organization	AR - 52 and 53, SR - 50 and 51
3.14	Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses	AR - Inside cover, 50, FS - Note 2, SR - 4 - 6, 50 and 51
3.15	Principal memberships in industry and business associations, and/or national/international advocacy organizations	SR - 4 - 6
3.16	Policies and/or systems for managing upstream and downstream impacts	AR - 50, 52 - 54, SR - 31
3.17	Reporting organization's approach to managing indirect economic, environmental, and social impacts resulting from its activities	AR - 7, 52 and 53, 83, SR - 4 - 6, 50 and 51
3.18	Major decisions during the reporting period regarding the location of, or changes in, operations	AR - 70, SR - Inside cover
3.19	Programs and procedures pertaining to economic, environmental, and social performance	AR - 7 and 8, 15, FS - Audit Committee Report, SR - Inside cover, 2 and 3, 9 - 11, 16 - 30
3.20	Status of certification pertaining to economic, environmental, and social management systems	FS - Audit Committee Report, Independent Auditors' Opinion, Audit Board Opinion, SR - Inside cover, 36, 73

# Global Reporting Initiative (GRI)

## Performance Indicators

### Economic Performance Indicators

#### Direct Economic Impacts

##### Customers

EC1. Net sales .....	AR – Inside cover, 14 – 20, 40 and 41, FS – Income Statement
EC2. Geographic breakdown of markets .....	AR – 6 – 10, 59

##### Suppliers

EC3. Cost of all goods, materials, and services purchased .....	AR – 16, 54 and 55
EC4. Percentage of contracts that were paid in accordance with agreed terms, excluding agreed penalty arrangements .....	N/AV
EC11. Supplier breakdown, by organization and country .....	SR – 31

##### Employees

EC5. Total payroll and benefits (including wages, pensions, other benefits, and redundancy payments), broken down by country or region .....	AR – 55, FS – Note 12 and 19
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##### Capital Providers

EC6. Distributions to providers of capital, broken down by interest on debt and borrowings, and dividends on all classes of shares, with any arrears of preferred dividends to be disclosed .....	AR – 36 and 37, FS – Note 16 b
EC7. Increase/decrease in retained earnings at end of period .....	FS – Note 16 d and 23

##### Public Sector

EC8. Total sum of taxes of all types paid, broken down by country .....	AR – 54 and 55, FS – Note 14, SR – 71 and 72
EC9. Subsidies received, broken down by country or region .....	FS – Note 14 b
EC10. Donations to community, civil society, and other groups, broken down in terms of cash and in-kind donations per type of group .....	FS – Note 21 f/g, SR – 71 and 72
EC12. Total spent on non-core business infrastructure development .....	N/AP

#### Indirect Economic Impacts

EC13. The organization's indirect economic impacts .....	N/AV
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### Environmental Performance Indicators

#### Materials

EN1. Total materials used, other than water, by type .....	SR – 4, 69
EN2. Percentage of materials used that are waste (processed or unprocessed) from sources external to the reporting organization .....	SR – 4

#### Energy

EN3. Direct energy use, segmented by primary source .....	SR – 4, 68, 69
EN4. Indirect energy use .....	SR – 4
EN17. Initiatives to use renewable energy sources and to increase energy efficiency .....	SR – 4
EN18. Energy consumption footprint of major products .....	N/AP
EN19. Other indirect (upstream/downstream) energy use and implications .....	N/AP

#### Water

EN5. Total water use .....	SR – 4, 68 and 69
EN20. Water sources and related ecosystems/habitats significantly affected by use of water .....	N/AP
EN21. Annual withdrawals of ground and surface water as a percent of annual renewable quantity of water available from the sources .....	N/AP
EN22. Total recycling and reuse of water .....	SR – 68 and 69

#### Biodiversity

EN6. Location and size of land owned, leased, or managed in biodiversity-rich habitats .....	SR – 4
EN7. Description of the major impacts on biodiversity associated with activities and/or products and services in terrestrial, freshwater, and marine environments .....	SR – 4

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EN23. Total amount of land owned, leased, or managed for production activities or extractive use .....	N/AP
EN24. Amount of impermeable surface as a percentage of land purchased or leased .....	N/AP
EN25. Impacts of activities and operations on protected and sensitive areas .....	N/AP
EN26. Changes to natural habitats resulting from activities and operations and percentage of habitat protected or restored .....	N/AP
EN27. Objectives, programs, and targets for protecting and restoring native ecosystems and species in degraded areas .....	N/AP
EN28. Number of IUCN Red List species with habitats in areas affected by operations .....	N/AP
EN29. Business units currently operating or planning operations in or around protected or sensitive areas .....	N/AP

### Emissions, Effluents, and Waste

EN8. Greenhouse gas emissions .....	SR - 4, 69
EN9. Use and emissions of ozone-depleting substances .....	SR - 4, 69
EN10. NOx, SOx, and other significant air emissions by type .....	SR - 4
EN11. Total amount of waste, by type and destination .....	SR - 4, 69
EN12. Significant discharges to water, by type .....	SR - 4
EN13. Significant spills of chemicals, oils, and fuels in terms of total number and total volume .....	SR - 4
EN30. Other relevant indirect greenhouse gas emissions .....	N/AP
EN31. All production, transportation, import, or export of any waste deemed "hazardous" under the terms of the Basel Convention .....	N/AP
Water sources and related ecosystems/habitats significantly affected by discharges of water and runoff .....	N/AP

### Suppliers

EN33. Performance of suppliers relative to environmental components of programs and procedures described in response to Governance Structure and Management Systems section (Section 3.16) .....	SR - 31
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### Products and Services

EN14. Significant environmental impacts of principal products and services .....	SR - 4
EN15. Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed .....	SR - 4

### Compliance

EN16. Incidents of and fines for non-compliance with all applicable international declarations /conventions/ treaties, and national, sub-national, regional, and local regulations associated with environmental issues .....	SR - 4
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### Transportation

EN34. Significant environmental impacts of transportation used for logistical purposes .....	N/AV
EN35. Total environmental expenditures, by type .....	SR - 71

## Social Performance Indicators: Labor Practices and Decent Work

### Employment

LA1. Breakdown of workforce, where possible, by region/country, status (employee/non-employee), employment type (full time/part time), and by employment contract (indefinite or permanent/fixed term or temporary) .....	SR - 18 - 20, 71
LA2. Net employment creation and average turnover, segmented by region/country .....	SR - 20, 71
LA12. Employee benefits beyond those legally mandated .....	SR - 21 and 22

### Labor/Management Relations

LA3. Percentage of employees represented by independent trade union organizations or other bona fide employee representatives or percentage of employees covered by collective bargaining agreements broken down by region/country .....	SR - 4, 30
LA4. Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organization's operations (e.g., restructuring) .....	SR - 4, 6 - 8, 29 and 30
LA13. Provision for formal worker representation in decision making or management, including corporate governance .....	SR - 6 - 8

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## Health and Safety

- LA5.** Practices on recording and notification of occupational accidents and diseases, and how they relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases. .... SR - 27 and 28, 71
- LA6.** Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees ..... SR - 27 and 28, 71
- LA7.** Standard injury, lost day, and absentee rates and number of work-related fatalities (including subcontracted workers) ..... SR - 27, 71
- LA8.** Description of policies or programs (for the workplace and beyond) on HIV/AIDS ..... SR - 27 and 28
- LA14.** Evidence of substantial compliance with the ILO Guidelines for Occupational Health Management Systems. .... N/AV
- LA15.** Description of formal agreements with trade unions or other bona fide employee representatives covering health and safety at work and proportion of the workforce covered by any such agreements ..... SR - 30

## Training and Education

- LA9.** Average hours of training per year per employee by category of employee ..... SR - 25
- LA16.** Description of programs to support the continued employability of employees and to manage career endings ..... SR - 21, 23 - 25
- LA17.** Specific policies and programs for skills management or for lifelong learning ..... SR - 23 - 25

## Diversity and Opportunity

- LA10.** Description of equal opportunity policies or programs, as well as monitoring systems to ensure compliance and results of monitoring ..... SR - 4, 20
- LA11.** Composition of senior management and corporate governance bodies (including the board of directors), including female/male ratio and other indicators of diversity as culturally appropriate ..... SR - 4, 20

## Social Performance Indicators: Human Rights

### Strategy and Management

- HR1.** Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results. .... SR - 4 - 11
- HR2.** Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers/contractors. .... SR - 4, 31
- HR3.** Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors, including monitoring systems and results of monitoring ..... SR - 4, 31
- HR8.** Employee training on policies and practices concerning all aspects of human rights relevant to operations ..... SR - 4

### Non-discrimination

- HR4.** Description of global policy and procedures/programs preventing all forms of discrimination in operations, including monitoring systems and results of monitoring ..... SR - 4, 20

### Freedom of Association and Collective Bargaining

- HR5.** Description of freedom of association policy and extent to which this policy is universally applied independent of local laws, as well as description of procedures/programs to address this issue ..... SR - 30

### Child Labor

- HR6.** Description of policy excluding child labor as defined by the ILO Convention 138 and extent to which this policy is visibly stated and applied, as well as description of procedures/programs to address this issue, including monitoring systems and results of monitoring ..... SR - 4 - 6

### Forced and Compulsory Labor

- HR7.** Description of policy to prevent forced and compulsory labor and extent to which this policy is visibly stated and applied as well as description of procedures/programs to address this issue, including monitoring systems and results of monitoring. .... SR - 4 - 6

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### Disciplinary Practices

- HR9.** Description of appeal practices, including, but not limited to, human rights issues .....SR - 4 - 6
- HR10.** Description of non-retaliation policy and effective, confidential employee grievance system  
(including, but not limited to, its impact on human rights) .....SR - 6 - 8, 29

### Security Practices

- HR11.** Human rights training for security personnel .....N/AP

### Indigenous Rights

- HR12.** Description of policies, guidelines, and procedures to address the needs of indigenous people .....N/AP
- HR13.** Description of jointly managed community grievance mechanisms/authority .....N/AP
- HR14.** Share of operating revenues from the area of operations that are redistributed to local communities .....N/AP

## Social Performance Indicators: Society

### Community

- S01.** Description of policies to manage impacts on communities in areas affected by activities, as well as description  
of procedures/programs to address this issue, including monitoring systems and results of monitoring .....SR - 40 - 67
- S04.** Awards received relevant to social, ethical, and environmental performance .....AR - 38 and 39, SR - 2 and 3, 70

### Bribery and Corruption

- S02.** Description of the policy, procedures/management systems, and compliance mechanisms for organizations  
and employees addressing bribery and corruption. ....SR - 4, 6 - 8

### Political Contributions

- S03.** Description of policy, procedures/management systems, and compliance mechanisms for managing  
political lobbying and contributions .....N/AV
- S05.** Amount of money paid to political parties and institutions whose prime function is to fund political parties or their candidates .....N/AV

### Competition and Pricing

- S06.** Court decisions regarding cases pertaining to anti-trust and monopoly regulations .....N/AV
- S07.** Description of policy, procedures/management systems, and compliance mechanisms for preventing anti-competitive behavior .....SR - 6 - 8

## Social Performance Indicators: Product Responsibility

### Customer Health and Safety

- PR1.** Description of policy for preserving customer health and safety during use of products and services, and extent to which  
this policy is visibly stated and applied, as well as description of procedures/programs to address this issue,  
including monitoring systems and results of monitoring .....SR - 37
- PR4.** Number and type of instances of non-compliance with regulations concerning customer health and safety,  
including the penalties and fines assessed for these breaches .....N/AV
- PR5.** Number of complaints upheld by regulatory or similar official bodies to oversee or regulate the health  
and safety of products and services .....NAV
- PR6.** Voluntary code compliance, product labels or awards with respect to social and/or environmental responsibility  
that the reporter is qualified to use or has received .....AR - 39, SR - 2 - 8, 36, 70

## Global Reporting Initiative (GRI)

### Products and Services

- PR2.** Description of policy, procedures/management systems, and compliance mechanisms related to product information and labeling .....SR - 32 - 39
- PR7.** Number and type of instances of non-compliance with regulations concerning product information and labeling, including any penalties or fines assessed for these breaches .....N/AV
- PR8.** Description of policy, procedures/management systems, and compliance mechanisms related to customer satisfaction, including results of surveys measuring customer satisfaction .....SR - 32 - 39

### Advertising

- PR9.** Description of policies, procedures/management systems, and compliance mechanisms for adherence to standards and voluntary codes related to advertising .....SR - Inside cover
- PR10.** Number and types of breaches of advertising and marketing regulations .....SR - Inside cover

### Respect for Privacy

- PR3.** Description of policy, procedures/management systems, and compliance mechanisms for consumer privacy .....SR - 8, 37
- PR11.** Number of substantiated complaints regarding breaches of consumer privacy. ....N/AV

## Communications and Service Channels

### Shareholder services

Av. João Pinheiro, 195, térreo  
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CEP 80010-200 Curitiba/PR

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CEP 90010-190 Porto Alegre/RS

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CEP 20050-005 Rio de Janeiro/RJ

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### Customer Service

Websites (www.itau.com.br)

### Itaú Bankline

Home & Office Bank – Operations  
and queries

### Itaú Investnet

Investment portal

### Itaú Prevline

Website on Itaú pension products

### Itaucard

Website on Itaú credit cards

### Itaumotors

Website for Itaú customers to buy or sell  
new or old cars and also arrange car  
finance and purchase car insurance

### Itaustrade

Website for trading shares using the home  
broker system. Connected to the São Paulo  
Stock Exchange

### Itaú Internacional

Website for selling dollar travellers  
checks and providing information regarding  
international transactions.

### Specialized Telephone Service by Product

#### Itaú Bankfone

Information and banking transactions  
Capital cities and major metropolitan  
regions: 4004 4828 (\*)  
Other locations: 0800 90 4828

#### SOS Itaú Bankline

Itaú Bankline assistance São Paulo  
and area code 11 locations: 3019 1213  
Other locations: 0800 12 1314

#### Foreign Exchange Service Center

Information on Foreign Exchange  
transactions São Paulo and area  
code 11 locations : 3385 3212

#### Credit Renegotiation Center

Debt rescheduling São Paulo and area  
code 11 locations : 4004 1144  
Other locations: 0800 7261 144

#### Credit Renegotiation Center

Debt rescheduling São Paulo and area  
code 11 locations : 4004 1144  
Other locations: 0800 7261 144

#### Itaú Personnalité Card Service Center

Information on cards- loss, theft, and/or  
activation São Paulo: (11) 4001 4453  
Other locations: 0800 728 4453

#### Itaú Credfone

Itaucred loans and financing São Paulo  
and area code 11 locations:  
4002 0234  
Other locations: 0300 123 48 28  
\* No area code required.

#### Itaú Imobfone

Real estate financing São Paulo and  
area code 11 locations: 5015 9200  
Other locations: 0300 789 70 51

#### Itaú Investfone

Investments  
Capital cities and metropolitan  
regions: 4004 4828 (\*)  
Other locations: 0800 723 0006

#### Personnalité Investfone

Capital cities and metropolitan  
regions 4004 4828 (\*)  
Other locations: 0800 12 1212

#### Itaú Insurance Center

Information about insurance  
Capital cities and main metropolitan  
regions: 4004 4444  
Other locations: 0800 727 4444

### Itaú Life Insurance and Pensions

Pension plans, Itaúvida Life Insurance  
and PPI – Itaú Personal Protection  
Capital cities and metropolitan regions:  
4004 4828 (\*)  
Other locations: 0800 90 4828

#### Itaúvida Life Insurance.

##### Capital Global Group

São Paulo (11) 5015 1566  
Other locations: 0800 16 9595

#### Cese – Corporate Assistance Center

Corporate assistance  
All locations: (11) 3019 4828

#### Telebloqueio

For blocking checks and magnetic cards  
Capital cities and metropolitan regions:  
4004 4828 (\*)  
Other locations: 0800 90 4828

#### Branch and Official Agency Contacts

Phone numbers for branches and Official  
Agencies São Paulo and other locations:  
(11) 3274 9902

#### Disque CEI

Information about ATMs São Paulo  
and area code 11 locations: 3019 1211  
Rio de Janeiro and area code 21 locations  
3461 6468

### Customer Support Services

#### Bankfone Customer Support

Itaú Customers Capital cities and  
metropolitan regions: 4004 4828  
Other locations: 0800 11 8944

#### Talk to Us – Internet Customer Support Service

www.itau.com.br

### Consumer Protection Service

#### Itaú Responds Consumer Protection Agency Service

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\* Direct dial – no area code required.



# Credits

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If you have any questions, comments or suggestions, or would like more copies of the Report, please e-mail our Investor Relations Area at [investor.relations@itau.com.br](mailto:investor.relations@itau.com.br).

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**Banco Itaú Holding Financeira S.A.**

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