



Annual Sustainability Report **2011**

ITAÚSA



Tribute to **José Carlos Moraes Abreu**

On March 18, 2012 José Carlos Moraes Abreu passed away. From May 2011 to that date, he was the Honorary President of Itaúsa.

José Carlos Moraes Abreu graduated in Law from Universidade de São Paulo in 1944 and dedicated over 50 years of his life to the Itaúsa Conglomerate. As a close advisor to the founders Olavo Setúbal and Eudoro Vilela throughout all sorts of significant challenges in the financial and industrial sectors, he had an extremely important role in the development of Itaúsa and its subsidiaries.

In addition to his long history with Itaúsa and its subsidiaries, Moraes Abreu was a member of the National Monetary Council (CMN) from 1975 to 1984. In May 1966, he joined the Board of Directors of Itaúsa, where he remained until April 2011, having acted as the Chairman of the Board between September 2008 and April 2011.

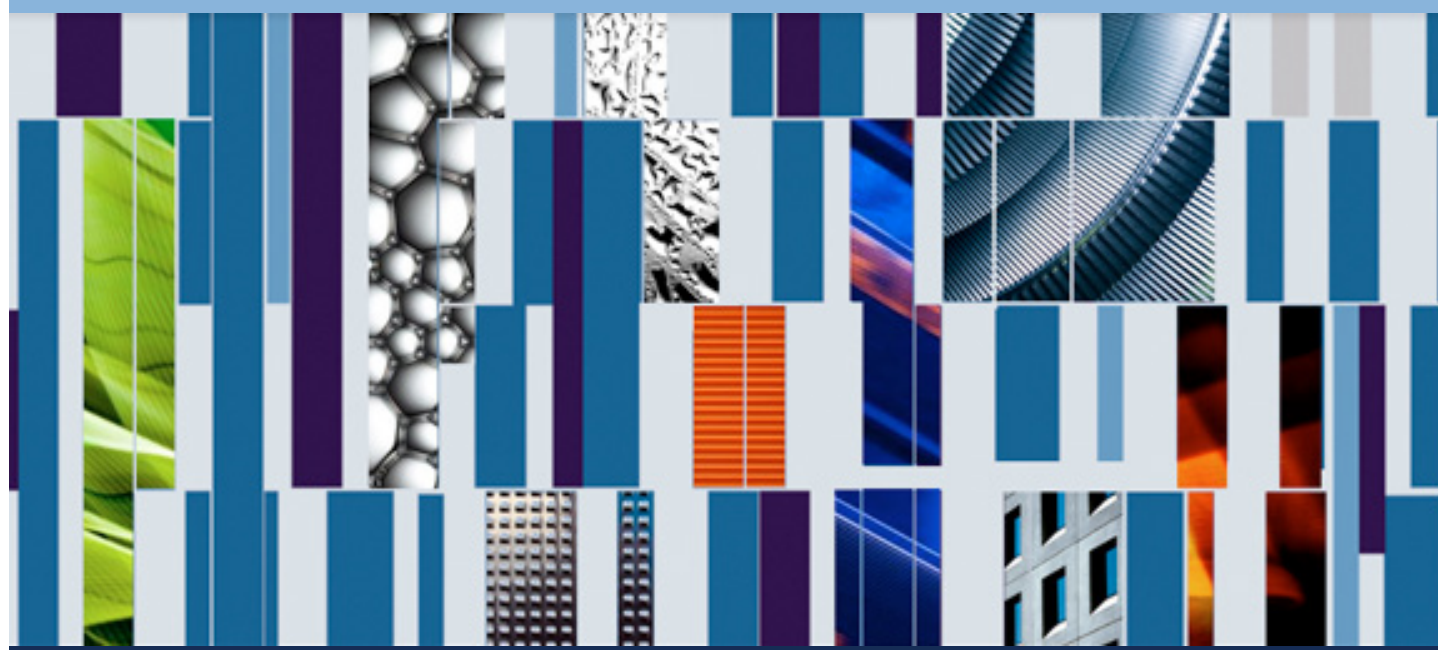
At Itaú Unibanco S.A., in turn, he was a member of the Board of Directors from 1964 to March 2003, having held the office of Chairman of the Board in 1985 and Vice-Chairman from 1986 to March 2003. He was also the Chief Executive Officer from March 1985 to June 1990 and General Director between 1976 and 1985.

Moraes Abreu's contribution to the group is invaluable. Throughout his life, he was a great banker, a man of common sense and a model to follow in corporate ethics.

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About the Report



To determine the content of the 2011 Annual Sustainability Report, Itaúsa has designed a process of materiality determination consisting of the following stages: the analysis of Itaúsa's 2010 Annual Sustainability Report and the presentation given, in November 2011, by Itaúsa at the public meeting in partnership with the Association of Investment Analysts and Professionals of Capital Markets (Apimec); the call for suggestions from managers and CEOs of the companies of the Itaúsa Conglomerate on the matters that would be relevant for the holding company's report; and, lastly, the Talk with Specialists, held on January 31, 2012, which closed a consistent and innovative process of materiality determination in the organization.

For the third consecutive year, Investimentos Itaú S.A. (Itaúsa) is releasing its Annual Sustainability Report based on the Global Reporting Initiative (GRI) guidelines, version 3.1, the purpose of which is to announce the management results of the Itaúsa Conglomerate to its stakeholders.

The information provided comprises the results from January 1 to December 31, 2011 and sets forth performance indicators for Itaúsa as a pure holding company, as well as the economic, social and environmental results in the period as the controlling shareholder of the companies Itaú Unibanco Holding S.A., in the financial sector, and Duratex S.A., Elekeiroz S.A. and Itaotec S.A., in the industrial sector. **GRI 3.1** **GRI 3.6** **GRI 3.7** **GRI 3.8**

To decide upon the content of the 2011 Annual Sustainability Report, Itaúsa developed a process of materiality determination in six stages that involved different stakeholder groups. In choosing the content the important topics identified in the materiality determination were taken into account; these matters are laid out in the GRI index of this report.

The main change in the scope of this publication is the approach of the holding company and the activities developed with its subsidiaries. Once the materiality was determined, the content began to reflect Itaúsa's role as the parent company and the results of its provision of guidance to the companies of the Itaúsa Conglomerate. Corporate governance is, therefore, a core aspect that drove Itaúsa's performance in 2011. The report also follows the new version of the GRI 3.1 indicators. **GRI 3.11**

This publication meets the requirements of the A+ application level, according to the statement of review issued by the Global Reporting Initiative. The content of the sustainability information and the information contained in the accounting statements has been audited by the independent auditors of PricewaterhouseCoopers (PwC) and reported upon in the "assurance report" and the "report on the accounting statements", respectively. The accounting statements made available at the Brazilian Securities and Exchange Commission (CVM), at the São Paulo Stock Exchange (BM&FBOVESPA) and on the site www.itausa.com.br take into account the rules of the International Financial Reporting Standards (IFRS). No information contained in any previous report has been restated. **GRI 3.9** **GRI 3.10** **GRI 3.13**

Since the year 2000, the report has been released annually. As of this edition, it will no longer be printed, which is intended to demonstrate Itaúsa's commitment to sustainability in the conduct of its business. Over a period of four months – the time spent preparing this document – several employees of the companies of the Itaúsa Conglomerate who are responsible for determining and validating the compiled information dedicated precious time and efforts to this process. **GRI 3.3**

Additional information on or clarification about this report may be obtained through the following communication channels: the sites www.itausa.com.br and www.itaunibanco.com.br/ri, the page Talk to Us, or the e-mail addresses comunicacao.corporativa@itausa.com.br, investidores@duratex.com.br, sustentabilidade@elekeiroz.com.br, and sustentabilidade@ltautec.com. **GRI 3.44**

The Evolution of the Reports

Over the past three years, Itaúsa has been engaged in a consistent learning and evolution process in its sustainability report. In 2009, the first year according to the GRI guidelines, it reached level C and, in 2010, level B. **GRI 3.2**

The experience acquired in this period and disseminated to the other companies of the Itaúsa Conglomerate, which also adopt the GRI guidelines in the preparation of their reports, has enabled the use of the reporting process as an effective management tool. This helps identify relevant matters, risks, and opportunities, as well as the good practices developed by Itaúsa and its subsidiaries.

The Process of Materiality Determination

The decision of applying a process of materiality determination enhances the evolution of Itaúsa in the preparation of its sustainability reports. The great challenge consisted of structuring an approach to materiality to meet the specific characteristics of Itaúsa, a pure holding company, and then expand the understanding of its businesses and activities to include its subsidiaries.

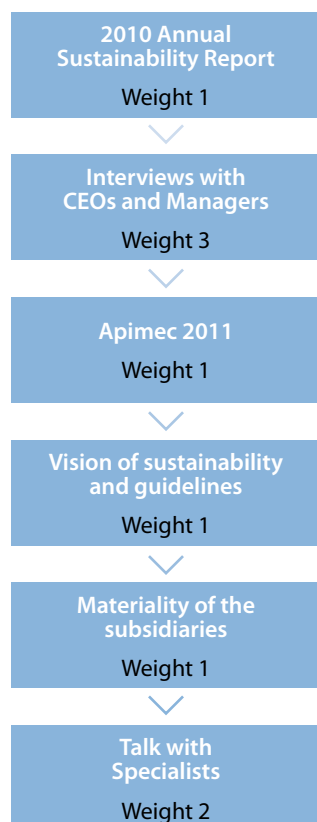
Materiality in Itaúsa's 2011 Annual Report had six stages, with different weights for their final consolidation. The first stage involved the analysis of Itaúsa's 2010 Annual Sustainability Report, from which the commitments undertaken and the main aspects reported on were drawn. In the following stage, six managers and CEOs of companies of the Itaúsa Conglomerate submitted the topics which, from their point of view, would be relevant for Itaúsa's report.

The presentation given by Itaúsa at the annual public meeting in November 2011, in partnership with Apimec, provided useful contributions to the information and communications that guided the holding company during the year. The presentation also helped to consolidate the most relevant topics identified in the materiality determination of the subsidiaries, which made up the panel reporting issues to Itaúsa.

Lastly, the Talk with Specialists, on January 31, 2012, was the culmination of a consistent and innovative process of materiality determination within the group.

GRI 3.5 | GRI 4.14 | GRI 4.15 | GRI 4.16

THE PROCESS OF MATERIALITY IN SIX STAGES



Talk with Specialists



The event was aimed at gathering professionals who have, for years, helped establish corporate sustainability in Brazil, whether by enacting and developing management mechanisms, innovative experiences or cooperation models between the sectors or by devising forms of communicating with and engaging society in this process.

The knowledge and the experience of each of the participants were crucial for the preparation of this report, which is consistent with the complexity of Itaúsa's businesses and the group's commitment to transparency and accountability to its stakeholders.

The Talk was attended by 12 specialists, including consultants on the topic, professionals from the financial sector and the media, NGOs and representative bodies, who contributed their ideas and views on challenging issues in relation to the publication of a sustainability report that meets the unique characteristics of Itaúsa as a pure holding company.

The Talk yielded four aspects (Profile, Corporate Governance, Sustainability and Report), with 40 specific topics.

Final Materiality

As a result of the six stages described in the process of materiality, the relevant matters for Itaúsa 2011 Report were: **GRI 1.2** **GRI 3.5** **GRI 4.17**

MATERIALITY ITAÚSA 2011



Message from the Chairman of the Board

GRI 1.1



"Itaúsa thrives on challenges. Our focus is to act with resolve in the present, at the same time as we build the bases for the future.

This has been our attitude over the past 45 years and that is what it will also be in the years to come."

At Itaúsa, we are ready for the future.

In the year 2011, we, the people of Itaúsa, dedicated our time, energy and efforts to enhancing our Corporate Governance model, with an eye to being prepared for the upcoming decades.

Itaúsa is a pure holding company with very peculiar features that was formed by a group of sound companies: Itaú Unibanco, Duratex, Elekeiroz and Itaotec, all of which account for considerable market shares in the segments in which they operate. The fundamental pillars at Itaúsa are ethics, transparency, generation of value for society, and creation of value for the shareholders.

The decisions at Itaúsa are made jointly, with due regard for the operating philosophy, the basic guidelines, the sustainability vision and the different management support tools developed over time. Examples are the Shareholders' Agreement, the Code of Ethics, the Company's Bylaws and many other instruments that enabled us to build one of the major business conglomerates in this country.

Our commitments are public, our interaction with society is continuous, our relationship with investors is straightforward, our agreements with our controlling shareholders are transparent, and our rules are clear. This is the vision that has always inspired us. Our companies are present in a number of countries and gain more global relevance every day. Just as importantly, we make it a point to invest continuously in the global market, create jobs, apportion wealth, and support education and artistic expression, thus helping society advance toward continuous improvement.

Itaúsa thrives on challenges. Our focus is on acting with resolve in the present, at the same time as we build the bases for our future. This has been our attitude over the past 45 years and this is what it will also be in the years to come.

This report is the concrete evidence of this decision. We are inaugurating a new, uncommon form of reporting by a pure holding company, the activities of which are conducted by its subsidiaries. For this purpose, among other initiatives, we organized a Talk with Specialists, which helped us build our Materiality Matrix. Much of the information on the following pages resulted from the opinions expressed freely by these specialists, who shared their knowledge with us in a rich learning process that has been quite useful and will be improved even more in the upcoming years.

Advances, reflections and new challenges made 2011 an extremely positive year. The data that support this statement are included in this document. We are ready to move ahead in this direction, as the future is today, tomorrow and always.

Thank you.

Carlos da Camara Pestana

Chairman of the Board of Directors

Message from the President



“Itaúsa has been working to ensure that its Vision of Sustainability can be understood, applied and disseminated throughout all its companies. And we are doing this in an all-encompassing manner, facing aspects such as corporate culture and succession, remuneration and investment decision policies.”

Despite the economic uncertainties in Europe and the increasing incidence of default in the domestic market, 2011 was one year with significant achievements for Itaúsa and its subsidiaries. The performance figures were quite consistent: the net income of the year was R\$ 4.8 billion and the shareholders' equity on December 31, 2011 was R\$ 29.3 billion. The total assets by the end of the period amounted to R\$ 31.0 billion, of which R\$ 29.0 billion represented our holdings in subsidiaries. This reaffirms our vocation, responsibility and confidence in Brazil, in the production market and in publicly-traded companies.

The financial results have been boosting the continuous growth of the bank and its companies. And all this is the product of our work, guided by principles and values that have steered the activities of Itaúsa throughout the 45 years of its existence. This is how we will continue to build and grow stronger each day, with transparency, ethics, respect for people and the determination to do a good job on sound bases that will transform these choices into our legacy for the generations to come.

One of the distinctive features of this path lies in the Corporate Governance model, which historically has allowed each business to design its strategies in a consistent manner. This model demonstrates the holding company's ability to impart synergy to and foster the maturation of the boards, as well as to develop and implement clearer, faster and more contemporary processes. As a result, it is possible to optimize the autonomy of the subsidiaries so that they can grow sustainably, which is beneficial to individuals, companies, the community and the environment.

In 2011, successful and important expansion targets were attained. The first finalized the integration between Itaú and Unibanco, in which a new bank with the best from both institutions was created. In the financial period when this cycle ended, after lasting three years, Itaú Unibanco recorded a net income of R\$ 13.8 billion and an 18.2% growth in relation to the preceding financial year. When it turned 60 years old, also last year, Duratex posted a net profit of R\$ 372 million, having invested R\$ 635 million in the increase of its production capacity in all business segments, sanitary ware and metal fittings and accessories, as well as wood panels. Elekeiroz, in turn, expanded its production capacity of 2-ethylhexanoic acid by 70%. It has also increased the oxo-alcohol production capacity by 20%, thus ensuring self-sufficiency in the supply of this raw material.

At Itautec, in turn, R\$ 68.7 million were spent on R&D, which enabled the launch of innovative products, in line with cutting-edge technologies available in the market. We also invested R\$ 13.5 million in fixed operating assets, with emphasis on the expansion of the safe and vault plant.

We have been working to ensure that our vision of sustainability can be understood, applied and disseminated throughout all our companies. And we are doing this in an all-encompassing manner, facing aspects such as corporate culture and succession, remuneration and investment decision policies, by continuously implementing new processes based on the opportunities devised, the results achieved, and the assessments of the operation of committees and boards. At Elekeiroz, for instance, Itaúsa expended time and energy last year to structure a CEO succession program. This is an important milestone that will bring benefits not only to the company, but to the entire Itaúsa Conglomerate. **GRI 1.1**

Another significant decision for the industrial companies controlled by Itaúsa and following the guidance of the Board of Directors was, in 2010, the hiring of independent consultants (BCG and Bain), which had an impact on the strategic planning for 2011. Today, the strategic discussion continues with increased vigor, having expanded into distinct areas and layers of each company, now without the consultants' assistance.

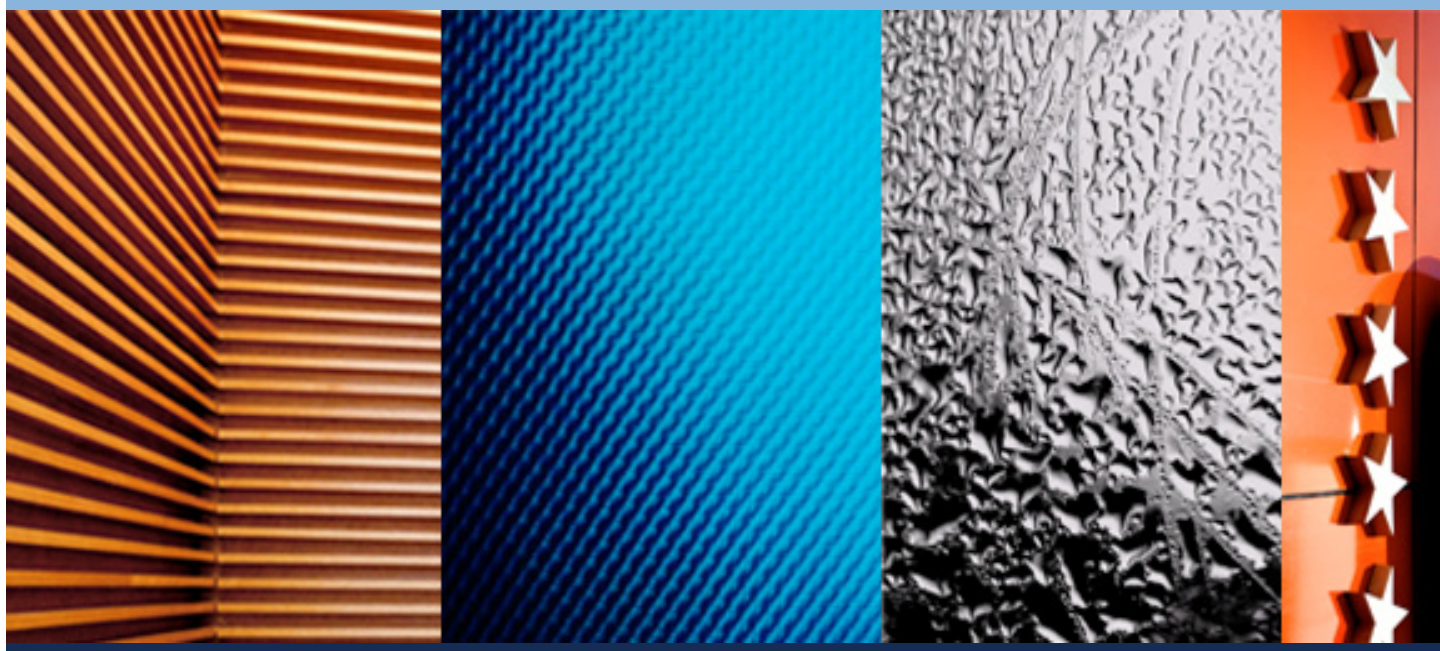
As far as employees are concerned – in terms of the reinforcement of human resources policies – the advancements in the performance evaluation and remuneration processes are worthy of mention. Special attention was given to our executive and technical staffing, in which the experience and skills of our best professionals were combined with new talent from the market.

We are also reviewing the companies' culture, with an eye to strengthening the values that are the pillars of Itaúsa, in addition to incorporating or improving the concepts at the heart of the Itaúsa Conglomerate's common purposes. In this process, we seek to obtain the necessary strategic alignment to keep our motivation and productivity at increasingly high levels. To this effect, at the bank and throughout the companies, we are increasing the focus on our customers (which is inherent to the bank's mission) and on our employees. In the bank, we have developed comprehensive activities to support the new culture and *Nosso Jeito de Fazer* [Our Way to Do It], in addition to the advances in the performance evaluation, remuneration and training processes.

In summary, Itaúsa will proceed with its efforts to make its subsidiaries more profitable, ethical and sustainable organizations. Enjoy the read!

Alfredo Egydio Arruda Villela Filho
President

The Itaúsa Conglomerate



With a 45-year history, Itaúsa is a publicly-traded, pure holding company. The main companies of Itaúsa Conglomerate are also publicly-traded companies active in the domestic and international markets, carrying renowned and respected brands: Itaú Unibanco, Duratex, Elekeiroz and Itautec.

History

The history of Itaúsa Conglomerate dates back to May 6, 1966, when the first Brazilian publicly-traded investment bank, Banco Federal Itaú de Investimentos S.A., was created, shortly after this activity was legally recognized by the Brazilian Central Bank. The investment bank, using its own resources or through the mediation and investment of third party resources, had the purpose of carrying out equity interest transactions, providing mid and long-term financing to support the fixed or outstanding capital market, and facilitating other monetary transactions as they existed at that time.

The change of the bank's name to Banco Itaú de Investimentos S.A. occurred in November 1970. As of May 1973, the institution was renamed Banco Itaú Português de Investimento S.A., which marked the commencement of an expansion phase in the specific investment banking area. At the same time, as the bank accumulated a considerable stock portfolio to manage, the bank became an important shareholder in a number of financial institutions.

In view of the development of these institutions, Banco Itaú Português de Investimento S.A. acquired a dual role, i.e., of a holding company and an investment bank. Within that context, it was decided to revise its corporate purpose, so that Itaú Português would cease to be an investment bank and instead become the flagship company of Itaú Financial Institutions, a holding entity that gathered, at that time, over 50 companies.



Duralex: History – In 1977 – first pressed wood board on Line II, in Botucatu – SP

On December 9, 1974 the General Meeting of Shareholders passed a resolution that created the group's new name, Investimentos Itaú S.A., and redefined the corporate purpose to include support to privately-held domestic companies in which it held an equity interest. By then, each of the companies of the Itaúsa Conglomerate had a leadership position in their business segments. Upon the creation of Itaúsa, the decision-making policies of the subsidiaries turned out to be a distinctive feature in corporate management in the Brazilian market and consolidated the strategic and operational activities in the financial service and industrial areas.

As early as the 1970s, Duratex already stood out as the world's second-place and Brazil's top producer of hard fiberboards. In the early 1980s, thanks to the increase in production capacity, Duratex Comercial Exportadora was created and launched a massive offensive in the export market.

Itaúsa also founded Itautec late in 1979 to carry out technological activities. The products and services developed in the early years were intended to meet the demand of Banco Itaú, but eventually they began to be offered in the general market.

The industrial line of work came about in 1982, when Itaúsa, in an attempt to diversify its activities, acquired a stock interest in Elekeiroz do Nordeste, Indústria Química S.A. The company, located in the State of Pernambuco, manufactured a broad range of chemicals, including octanol, plasticizer derivatives and fertilizers. Four years after that, the holding company took over the controlling interest of the company.

The corporate name Itaúsa – Investimentos Itaú S.A. was amended by the General Meeting of Shareholders held on April 30, 1991. Since that date, the designation "Itaúsa" has been adopted and has become one of the most acclaimed brands in the market.

A period of large investments in the expansion of the businesses began in the 1990s. Having taken over the controlling interest of Banco Francês e Brasileiro S.A. in 1995, the group created Itaú Personnalité. In the same year, Duratex acquired all the shares of the Argentinean company Piazza Hermanos, the designation of which was then changed to Deca Piazza.

Two years later, the bank strengthened its presence in Rio de Janeiro by incorporating Banco Banerj S.A. In 1998, it took over the controlling interest of Banco do Estado de Minas Gerais S.A. and of Banco Del Buen Ayre, which was merged into Itaú Argentina (currently Itaú Buen Ayre).

In the 2000s, the growth model continued. In 2000, Banco Itaú acquired the controlling interest of Banco do Estado do Paraná S.A. and, in 2001, that of Banco do Estado de Goiás S.A., thus boosting the expansion through the incorporation of two state banks. The merger with BBA Creditanstalt in 2002 gave birth to Itaú BBA, the country's largest wholesale bank. The Itaú brand has been rated the most valuable brand in Brazil by the international consultancy Interbrand. Elekeiroz, in turn, closed this year with the acquisition of the controlling interest of Ciquine Companhia Petroquímica, in Camaçari (BA), which marked its return to the production of alcohols.

The year 2003 was a time of the corporate restructuring of Banco Itaú S.A., which included the creation of Banco Itaú Holding Financeira S.A., the company in charge of the financial companies of the Itaúsa Conglomerate.

In 2006, negotiations with the Bank of America culminated in the acquisition of BankBoston in Brazil and in Latin American markets like Chile and Uruguay. The process of buying the private banking business of BankBoston and all the shares of BankBoston International, headquartered in Miami, and of BankBoston Trust Company Limited in Nassau, Bahamas (all of them completed in 2007) enabled Itaú's growth in the domestic and foreign markets. In the following year, Itaú completed the acquisition of the ABN Amro portfolio in Miami and Montevideo.

In 2008, the controlling shareholders of Itaúsa and Unibanco Holdings announced to the market the execution of a merger agreement aimed at combining the financial operations of Itaú and Unibanco, so as to form the largest private financial conglomerate of the Southern Hemisphere.



Itaú Unibanco

The transaction created Itaú Unibanco, a domestic capital bank with the commitment, soundness, inclination and economic capacity to become a partner in the development of Brazilian companies and the country, as well as the capability to be a global competitor.

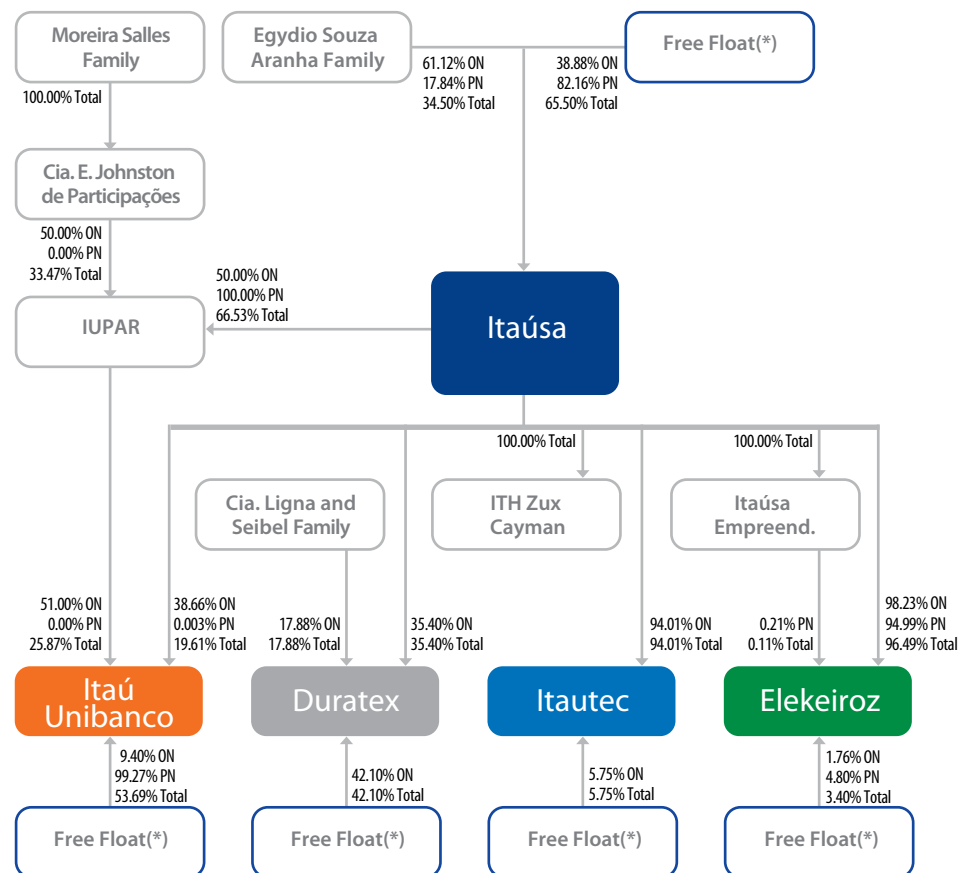
The conglomerate resulting from the merger had the advantages of scale, expertise and a sound capital base, which strengthened the group and drastically increased the supply of credit to the market, thus responding to the needs of both individuals and enterprises.

Also in 2008, Duratex expanded its share in ceramic sanitary ware by acquiring Ideal Standard, a manufacturer with operations in Jundiaí (SP) and Queimados (RJ), and Cerâmica Monte Carlo, in Cabo de Santo Agostinho (PE). In June 2009, it entered into a merger with Satipel, creating the largest wood panel business in the Southern Hemisphere and one of the largest in the world.

In August 2009, Itaú Unibanco entered into a merger with Porto Seguro, an important strategic decision that consolidated the residential and automobile insurance operations. Porto Seguro climbed to an outstanding position in the home and car insurance market, with Itaú Unibanco being entitled to a 30% interest in the company's results.

This is the success and growth-oriented model that has been driving the 45 years of existence of Itaúsa – Investimentos Itaú S.A., a pure publicly-traded holding company. The main companies of the Itaúsa Conglomerate are publicly-traded companies operating in the domestic and foreign markets, with important, recognized and respected brands: Itaú Unibanco Holding S.A., Duratex S.A., Elekeiroz S.A., and Itautec S.A. **GRI 2.1** **GRI 2.6**

STOCK OWNERSHIP STRUCTURE ON DECEMBER 31, 2011



(*) Excluding the shares owned by the controlling shareholders and shares held in treasury.

Business

The main companies of the Itaúsa Conglomerate stand out in their fields: financial services and the industrial sector. **GRI 2.2**



Itaú Unibanco Holding S.A. (Itaú Unibanco), is jointly controlled by Itaúsa, with Itaú Unibanco S.A. and Itaú BBA S.A. as its main shareholders. It is a financial institution, the shares of which are listed on the BM&FBOVESPA, the Buenos Aires Stock Exchange (BCBA) and the New York Stock Exchange (NYSE). The bank appears on the list of the ten largest banks in the world for the eighth consecutive time. And it has been recognized by the international consulting Interbrand as the most valuable Brazilian brand, with a market value estimated at R\$ 24.3 billion, i.e., 18% higher than the appraisal figure of 2010 and 130% higher than its 2008 value (the year of the merger between Itaú and Unibanco).

A reference in the capital market for the seventh consecutive year, Itaú Unibanco managed to hold its position among the companies selected to make up, in 2012, the BM&FBOVESPA Corporate Sustainability Index (ISE) and, for the 12th consecutive time, to make up the portfolio of Dow Jones Sustainability World Index (DJSI), in its 2011/2012 edition. As such, it is the only Latin American bank to appear in the index ever since this rating was created.



Itaú Unibanco

Itaú Unibanco is present nationwide with 4,900 branches and bank service stations. In 2011, the revamping of the retail service network was completed. This is now structured as a new customer relationship platform that reformulated the concept of service and the visual identity of the branches, under a program that covered the renovation of 1,500 bank facilities, of which 535 were renovated last year. In the foreign market, in turn, Itaú Unibanco has a footprint in Americas, Europe and Asia, totaling 20 countries served.

In the industrial realm, the group's main subsidiaries stand out in their segments, as is the case of Duratex S.A., which manufactures processed wood panels, metal fittings, sanitary ware and accessories; Elekeiroz S.A., which operates in the petrochemical sector; and Itautech S.A., in the technology sector.



Duratex S.A. is the leading domestic market leader and the largest processed wood panel manufacturer in the Southern Hemisphere, with a 60-year history. The company is also one of the ten largest manufacturers of sanitary ware and metal fittings and accessories in the world, with products marketed under brands such as Duratex, Deca, Hydra and Durafloor in approx. 35 countries. It operates manufacturing facilities in the Northeast, South and Southeast regions of Brazil, commercial offices in the United States and Belgium, and a metal fitting and accessory plant in Argentina. Duratex is highly self-sufficient in its timber supply, with forest plantations located a short distance from the production units.



Elekeiroz S.A. is a petrochemical company with over 117 years of pioneering activity in the production of a number of chemical inputs and in the research and development of sustainable products. It is the only integrated producer in Latin America of oxo-alcohols, phthalic and maleic anhydrides and plasticizers, which are raw materials used by the civil construction, automotive, apparel and other industries. Production is carried out in two strategically installed sites: one in Camaçari (BA), Brazil's largest petrochemical hub, and another in the Greater São Paulo area, in the city of Várzea Paulista, located within the country's largest consumer market for industrial inputs.



In the technology arena, **Itautec S.A.** (Itautec), a company headquartered in São Paulo with more than 32 years of experience, is one of the largest Brazilian providers of bank automation, business automation, personal and corporate computing solutions and corporate and technological services. Itautec has its own largest information technology service network in Brazil, covering approx. 3,700 locations served through 33 service branches and ten support labs, in addition to operating the world's 10th and Latin America's 3rd largest installed base of automatic teller machines, according to a survey prepared by the consulting company Retail Banking Research. With a high scale production capacity and diversified technological solutions to meet the national demand, Itautec, in addition to direct exports, has six subsidiaries in Argentina, Spain, United States, Mexico, Paraguay and Portugal, which provide the brand's products and services to the foreign market. **GRI 2.3 | GRI 2.5 | GRI 2.7**

Itaúsa, a pure publicly-traded holding company headquartered in the city of São Paulo, is responsible for financial and strategic decisions that provide to Itaúsa Conglomerate group companies the most favorable expansion conditions for their activities. Furthermore, without interfering with their operating autonomy, Itaúsa conveys to its subsidiaries the vision and values that provide direction to the business management, based on its operating philosophy, primary guidelines and vision of sustainability. **GRI 2.4 | GRI 4.8**

Operating Philosophy

- Strict and professional investment management;
- Participation in the design of policies relating to corporate financial decision-making, such as indebtedness and risks;
- Assurance of independence in the operation of the companies in which it holds an interest;
- Diversified operation, with a defined business focus.

Basic Guidelines

- Valuing of people;
- Ethics, social responsibility and transparency in business;
- Mission to expand based on management technology and Itaúsa's own sound capital base;
- Continuous and sustainable creation of shareholder value;
- Teamwork;
- In-house training and development of individuals to hold leadership positions in the companies.

Vision of Sustainability

Itaúsa provides guidance, encouragement and support to the companies in the integration of the sustainability issue in the development of its business, and fosters the alignment of its social, cultural and environmental practices to create value for society in a chain of shared wealth.



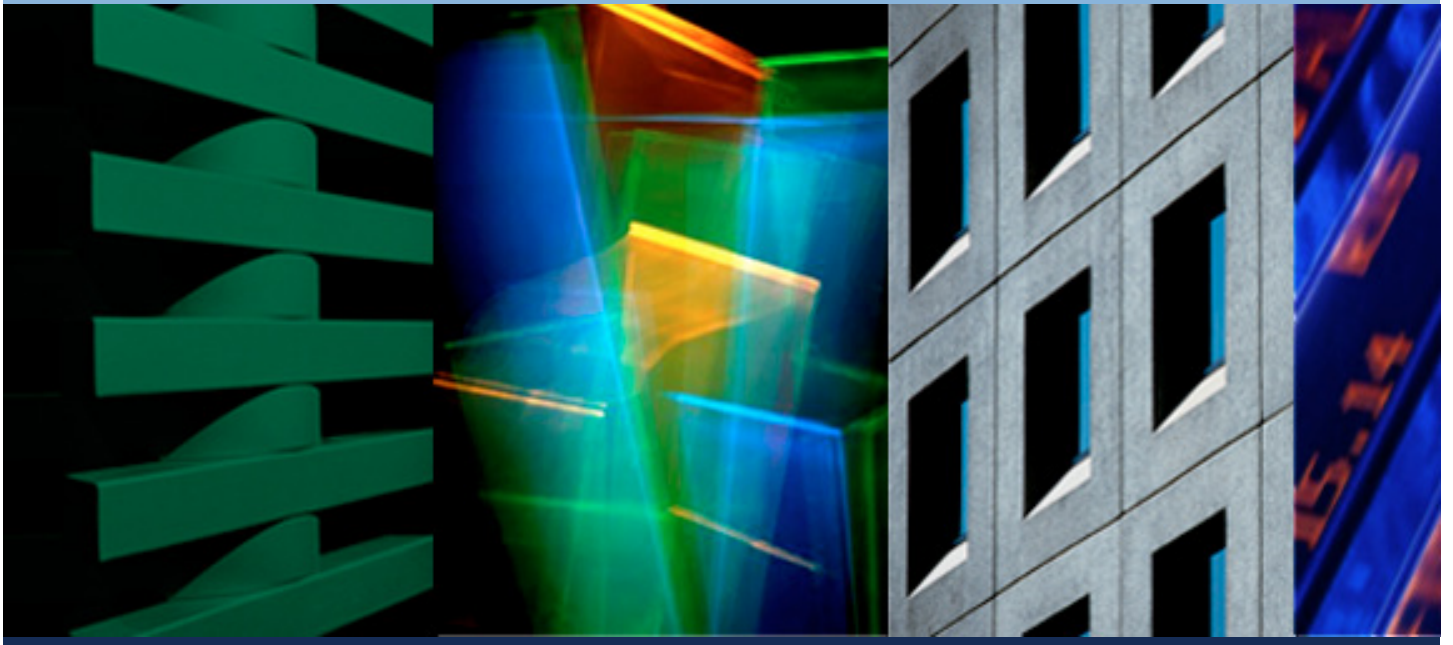
Itautec

The creation of value should include, in addition to economic and financial aspects, the contribution to the conservation of natural resources, the increase in access to knowledge and culture and the reduction of social inequality. The guiding principles for acting according to this premise are:

- Valuing of human capital;
- Operating independence of the companies;
- Leadership in the business sectors;
- Strong brands;
- Internationalization of companies;
- Capital structure;
- Investments;
- Dissemination of the corporate culture.

One of Itaúsa's philosophical commitments lies in the certainty that sustainability is a strategic issue in all the companies, as well as that, irrespective of their stage, degree of maturity, or the particularities of the business, each subsidiary follows, shares and disseminates the same vision of sustainability, with the commitment to continuous improvement.

Corporate Governance



Based on the leadership of the Board of Directors, on the integrated management, on the support of strategic committees, and on the construction of action instruments such as the Internal Bylaws, the Code of Ethics, the Shareholders' Agreement and other public commitments, Itaúsa demonstrates daily that it is a sound organization that embraces the best corporate governance practices.

Commitments

For Itaúsa, business ethics, customer satisfaction, sustainability and the creation of shareholder value are all premises underlying its activities. Despite the breadth of its businesses, which include the financial and insurance sectors; the manufacturing of wood panels, ceramic sanitary ware and metal fittings and accessories; the production of chemicals; and the electronics industry, including the segments of computing, bank and business automation and technological services, Itaúsa's vision of management based on principles of human capital valuing, business ethics, and creation of shareholder value, in a permanent and sustainable form, is widespread and put in place by all the companies of the Itaúsa Conglomerate.

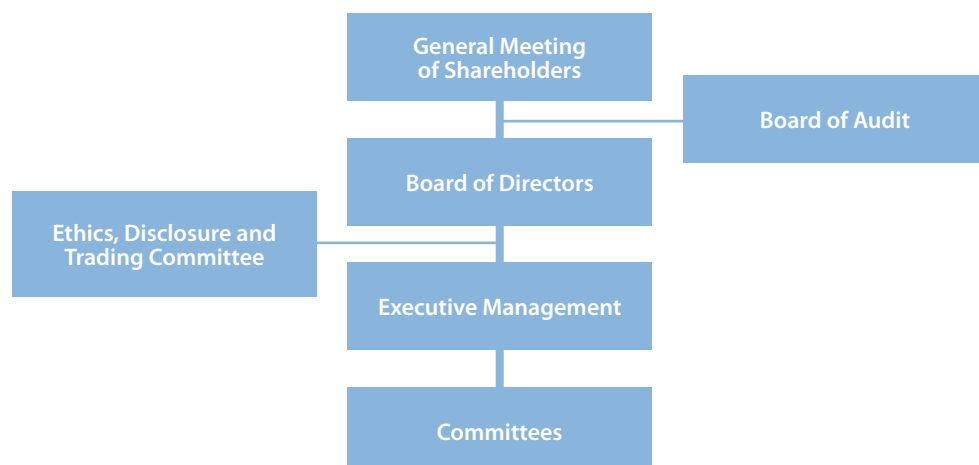


Duratex: Piatan Environmental Interaction Area – Agudos (SP)

Based on the leadership of the Board of Directors, the integrated management, the support of strategic committees, and the creation of tools for action such as the Internal Bylaws, the Code of Ethics, the Shareholders' Agreement and other public commitments, Itaúsa demonstrates daily that it is a sound organization that embraces the best corporate governance practices. The development of its board members and the improvement of governance is an ongoing process of evolution.

GRI 4.9

GRI 4.1 ITAÚSA GOVERNANCE STRUCTURE



Board of Directors and Executive Management

Itaúsa – Investimentos S.A.

Board of Directors

In accordance with the best practices that guide publicly-traded companies and in line with the corporate governance model followed by Itaúsa, at the General Meeting of Shareholders of April 29, 2011, José Sergio Gabrielli de Azevedo, appointed by the minority shareholders, was elected an independent member of the Board of Directors. This decision was aimed at ensuring the balance and harmony among the controlling shareholders, who, for their most part, are relatives.



Duratex

In this context, the approval of the company's Internal Bylaws at the meeting of the Board of Directors dated August 8, 2011, is worthy of note. In the bylaws, it is stated that the mission of the Board of Directors is to protect and enhance the company's assets and to maximize the return on its investments. The Board of Directors, in view of Itaúsa's pure holding nature, regularly monitors the business evolution of its subsidiaries and affiliates.

With regard to its operation, in order to ensure better performance of its duties, the Board may establish committees or work groups with well-defined objectives, which will consist of officers or third parties appointed by the Board itself. The committees shall adopt their own bylaws approved by the Board of Directors.

As far as the interaction with the Board of Audit is concerned, it was defined that both boards should meet annually to discuss matters of common interest. Within the scope of the operating rules, among other measures, the Board of Directors should seek, whenever possible, to make decisions by consensus. Each Director is entitled to one vote and the resolutions are passed by majority vote of the attendees.

The Board of Directors is formed by three to 12 members, elected by the General Meeting of Shareholders, for a renewable term of office of one year, being presided over by a Chairman and one to three Vice-Chairmen chosen by the Board members from among their peers. On December 31, 2011 there were six permanent members.

The Chairman of the Board of Directors, Carlos da Camara Pestana, does not hold any office in the Executive Management of the holding company. **GRI 4.2 GRI 4.3**

Chairman

Carlos da Camara Pestana

Vice-Chairmen

Alfredo Egydio Arruda Villela Filho

Alfredo Egydio Setubal

Members of the Board

José Sergio Gabrielli de Azevedo

Paulo Setubal

Rodolfo Villela Marino

Deputy Members

Ricardo Egydio Setubal

Ricardo Villela Marino

Board of Audit

Itaúsa's Board of Audit has been performing its assignments uninterruptedly since 1997, always in accordance with the provisions of Law No. 6404/76. Its mission is to supervise the management acts and to issue opinions and reports on the company's activities, with a special focus on the accounting statements.

The authorized composition of the Board of Audit is three to five permanent members and includes the participation of independent professionals of the controlling group and the same number of deputy members. On December 31, 2011, the Board had three permanent members, one of whom was nominated and elected by the preferred shareholders.

Chairman

Tereza Cristina Grossi Togni

Board of Audit Members

Luiz Alberto de Castro Falleiros

Paulo Ricardo Moraes Amaral

Deputy Members

João Costa

José Roberto Brant de Carvalho

Luiz Antonio Careli

Ethics, Disclosure and Trading Committee

The Ethics, Disclosure and Trading Committee was created by combining the activities of the Disclosure Committee and the Trading Committee, with the responsibility of overseeing the ethical conduct of the officers and managers who were the signatories to the Policies of Disclosure of Relevant Acts or Facts and the Trading of Securities, so as to ensure the transparency of the information provided to all stakeholder groups of the Itaúsa Conglomerate. With the approval of Itaúsa's Code of Ethics by the Board of Directors at a meeting held on December 19, 2011, ethics gained even more relevance in the assignments of this body; thus the decision was made to change its name to the Ethics, Disclosure and Trading Committee as of that date.

Itaúsa's Management Ethics Principle is intended to maintain efficient, sustainable, sound and trustworthy conduct aimed at developing creative and positive relations with all the groups and communities impacted by the operations of Itaúsa Conglomerate companies.

This principle is a moral compass for Itaúsa. The guidelines below add tangibility to the aims of the holding company and ensure that its officers can rely on them for guidance in the establishment of strategies, policies and practices for the institution and its subsidiaries. **GRI 4.9**

The set of guidelines that enshrines Itaúsa's commitments is divided into two pillars:

- Corporate citizenship;
- Management, transparency and accountability.

And the rules underlying the relations with the stakeholders are classified into the following groups:

- Related parties;
- Employees;
- Customers and consumers;
- Suppliers, service providers and business and commercial partners;
- Competitors;
- Governmental sector;
- Voluntary sector;
- Media.

For transparent management of the Code of Ethics, Itaúsa operates a specific communication channel to receive whistleblower reports, questions and concerns and to submit complaints and suggestions. This is a service that ensures full protection against retaliation and the certainty that investigations will be undertaken and conducted based on professional, impartial and confidential standards. Anonymous disclosures are also received. **GRI 4.6** **GRI 4.4**

The Ethics, Disclosure and Trading Committee is formed by two to ten persons appointed annually by the Board of Directors from among the members of this Board and the Executive Management of Itaúsa and its subsidiaries. The Director of Investor Relations is responsible for calling the meetings.

On December 31, 2011, the composition of the Ethics, Disclosure and Trading Committee was the following:

Chairman

Alfredo Egydio Arruda Villela Filho

Members

Alfredo Egydio Setubal

Henri Penchas (Director for Investor Relations)

Rodolfo Villela Marino

You can learn more about Itaúsa's [Code of Ethics](#) here.

Executive Management

The Executive Management, which is elected by the Board of Directors, is responsible for the management and representation of Itaúsa.

On December 31, 2011, the composition of the Executive Management was the following:

Chief Executive Officer

Alfredo Egydio Arruda Villela Filho

Vice President Directors

Henri Penchas (Director for Investor Relations)

Jairo Cupertino

Roberto Egydio Setubal

Please access the following links to view the full content of the [Internal Bylaws of the Board of Directors](#) and the [Code of Ethics of Itaúsa](#).

Itaúsa Shareholders' Agreement

In accordance with the best corporate governance practices, in order to prevent conflicts of interest and to promote unity among the related parties, on May 10, 2011 Itaúsa's controlling shareholders, the Villela and Setubal families, executed the Shareholders' Agreement, the purpose of which was to ensure and provide transparency to the controlling shareholders' activities in the handling of the holding company's major strategic issues. **GRI 4.5** **GRI 4.6** **GRI 4.7** **GRI 4.8** **GRI 4.10**

This is a public deed that sets out the operation of the rules and the exercise of powers, governs the share purchase and sale transactions and the preemption rules for acquisition in the scope of the controlling groups, and ensures the conditions for balance in the exercise of power for the continuity of the business in respect of all stakeholder groups.

Capital Market



For over 45 years, Itaúsa has been a publicly-traded stock company. This is an evolving market in Brazil that has experienced significant improvement in recent years. Itaúsa takes pride in being part of this history and in contributing to the development of this area.

In addition to the holding company, the main subsidiaries are a part of the capital market and are listed on different BM&BOVESPA indices, including ones where they are very important.



It is important to emphasize that, in addition to the commitment to performance and the profitability of its shares, Itaúsa places a strong emphasis on the sustainability and good governance practices introduced by BM&FBOVESPA. It is rated as Level 1 in Corporate Governance, participates in the Social and Environmental Stock Exchange (BVA&A) and is part of two sustainability indices: the Corporate Sustainability Index and the Carbon Efficiency Index (ICO2), as well as in the three Governance indices: the Differentiated Corporate Governance Stock Index (IGC), the Trade Corporate Governance Index (IGCT), and the Differentiated Tag Along Stock Index (ITAG).



Another commitment that enhances the transparency of the holding company vis-à-vis the market and society is its adoption, on August 15, 2011, of the ABRASCA Self-Regulation and Good Practices Code for Publicly-Traded Companies. This is an initiative of the Brazilian Association of Publicly-Traded Companies (ABRASCA), which sets forth the principles, rules and recommendations for the purpose of contributing to the improvement of corporate governance practices, by fostering sustainability and the durability of Brazilian publicly-traded companies, as well as the creation of value in the long term.



In the international stock market, Itaúsa has been selected for the eighth consecutive time to take part in the Dow Jones Sustainability World Index portfolio for its 2011/2012 edition. And for the fifth consecutive year, it holds a leadership position in the financial service sector in environmental and social outreach programs.



ISE: The Corporate Sustainability Index reflects the performance of the shares of companies engaging in corporate responsibility and sustainability. As reference for corporate responsible investment, it operates as a driver of good practices in the Brazilian corporate environment.

IGC: The Differentiated Corporate Governance Stock Index measures the performance of the shares that show good corporate governance indices (a company's management style). For the stock to become a part of the IGC, it is a requirement that the issuing company be listed in one of the special Stock Exchange segments, which are the New Market, Level 1 and Level 2.

ITAG: This is the Differentiated Tag Along Stock Index. Tag Along means the extension of the controlling premium; in other words, this index tracks the performance of the stock of companies that offer more advantages to minority shareholders in the case of assignment of the controlling interests.

BVS&A: The Social & Environmental Stock Exchange is a globally pioneering program inspired by the operating model of a stock exchange. It works as a meeting point for "socioenvironmental investors" – the group interested in contributing to the improvement of education and of the environment in the country – and "socioenvironmental actions", represented by projects that need financial resources to be implemented.

NGO projects focusing on education and the environment from the entire country may be enrolled with BVS&A. After being analyzed, they are listed on the site www.bovespasocial.org.br, where the public can choose those to which they are willing to donate either by credit card or by bank deposit slip, in addition to being able to monitor its progress, thus ensuring the visibility of the process.

Source: BM&FBOVESPA website.

The Corporate Governance model of the holding company has adopted a number of instruments to provide visibility to its decisions, such as the Policy for Disclosure of a Relevant Act or Fact, the meetings in partnership with Apimec, the results teleconference for analysts and a structure dedicated to Investor Relations. It also utilizes several communication tools: an informative e-mail Alert of a Relevant Act or Fact, which is sent out to registered users after the relevant authorities have been notified; a complete bilingual website (Portuguese and English) that gathers all the information relating to the management and to the organization stock, such as the share ownership structure, the stock performance, minutes of the shareholders' meetings, policies, shareholders' agreements; and dozens of other materials and documents of public interest.

Share Ownership Structure (in thousands, except where indicated otherwise)

ITAÚSA – INVESTIMENTOS ITAÚ S.A.
NUMBER OF SHAREHOLDERS ON DECEMBER 31, 2011: 28,596

Shareholders	Common Shares		Preferred Shares		Total Shares	
Controlling shareholders	1,036,956	61.12%	483,408	17.84%	1,520,364	34.50%
Free Float	659,671	38.88%	2,226,747	82.16%	2,886,417	65.50%
Total Outstanding Shares	1,696,627	100%	2,710,155	100%	4,406,782	100%
Treasury			8,700			
Total Shares Issued	1,696,627	100%	2,718,855		4,415,482	

Share Performance

PREFERRED SHARE APPRECIATION – ITSA4

EVOLUTION OF R\$ 100 INVESTED ON DECEMBER, 28, 2001 UNTIL DECEMBER 29, 2011
ANNUAL AVERAGE APPRECIATION IN REAIS

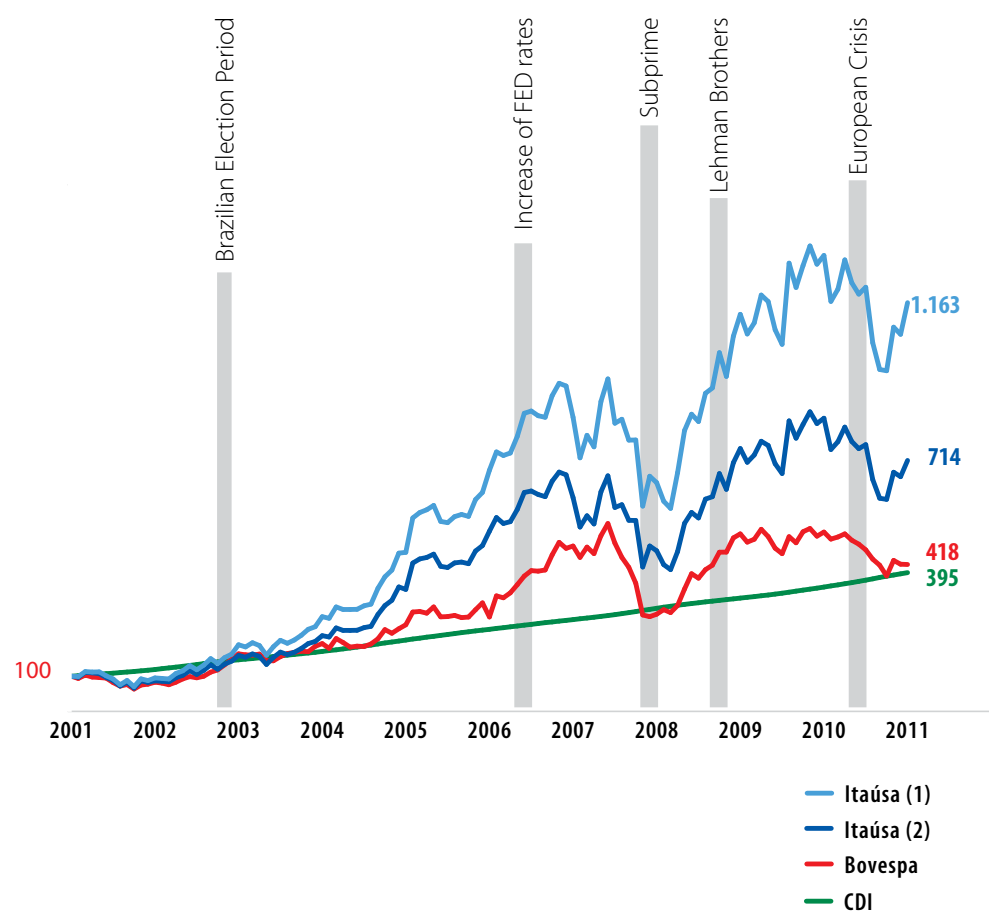
	Itaúsa(1)	Itaúsa(2)	Ibov. (3)	CDI (4)
10 years	27.81%	21.73%	15.38%	14.72%
5 years	11.13%	6.85%	9.24%	11.08%
12 months	-10.36%	-14.40%	-18.11%	11.59%

(1) With reinvestment of dividends

(2) Without reinvestment of dividends

(3) São Paulo Stock Exchange Index – Ibovespa

(4) Interbank Deposit certificate



Itaúsa Discount

One of the most frequently used indicators by analysts, shareholders and capital market investors to assess the investment in the Itaúsa Conglomerate is the difference between the market value ascertained by the company in comparison to the theoretical market value obtained from the “sum of its component parts”.

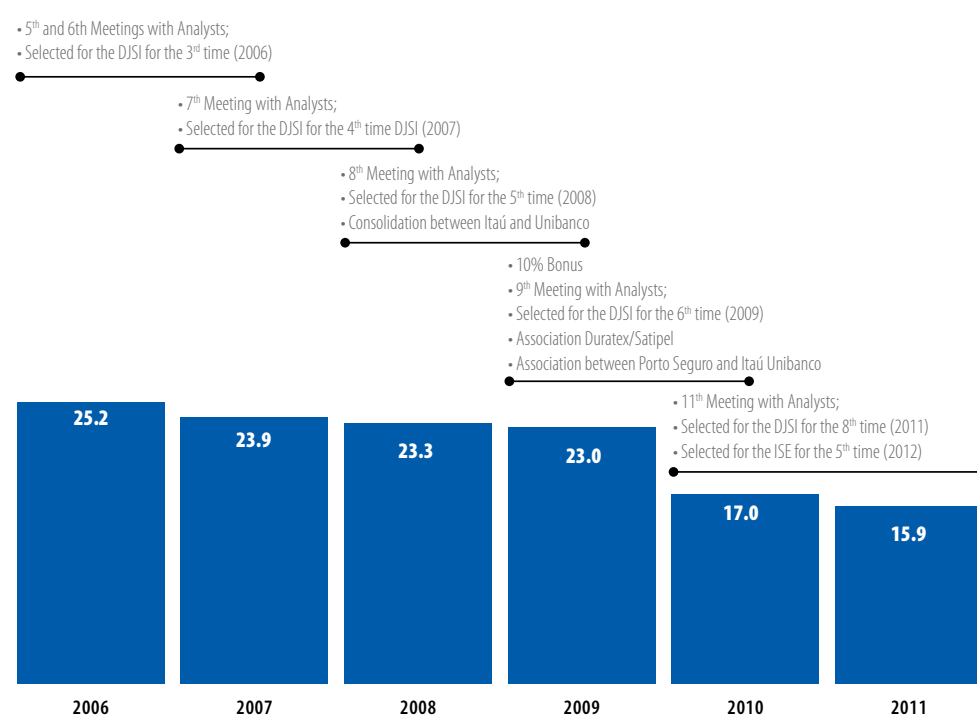
Thus, the “fair” value of Itaúsa shares would consist of the sum of the market value of its holdings in the publicly-traded subsidiaries. The difference between this value and the market value effectively ascertained by Itaúsa is called the discount.

In November 2001, for the purpose of getting to know in detail the needs of the analyst community and to identify the reason Itaúsa’s historical discount is so significant, a survey – considered unprecedented – was conducted with Capital Market Analysts. At that time, it was determined that the discount indicator was approx. 50%. Since then, Itaúsa has been working to enhance its asset management and to ensure the transparency of its Governance model.

As a result of a continuous set of actions, this discount has been undergoing a reduction year after year, and the rate obtained by the holding company on December 31, 2011 was 15.9%.

For the purpose of this calculation, the quotes of the most liquid shares are considered, with the total market value of both the company and its subsidiaries being taken into account. The detailed calculation for this discount is available from www.itausa.com.br.

HISTORY OF DISCOUNTS (%)



Risks and Opportunities GRI 1.2 GRI 4.11

Risks

In order to understand the risks inherent to Itaúsa's activity, it is first necessary to know the purpose of the parent company in the management of its equity holdings. Therefore, the risks to which Itaúsa is exposed are the risks managed by its subsidiaries, which are those inherent to their businesses, both the tangible and intangible ones.

On the initiative of Itaúsa, a broad risk survey was conducted with the manufacturing companies Duratex and Itaútec. As a result, a risk matrix was prepared incorporating the opinions of dozens of managers. This dialogue enabled the company to identify, quantify and assess each risk. The process gave rise to a diversified map, where the identification of a number of risk factors is clear and facilitates the selection of priorities and the making of decisions.



Duratex

On a macroeconomic scale, in turn, in light of the predicted worsening of the global economic crisis in 2012, Itaúsa's guidelines are focused on strengthening the risk management processes and on protecting its assets, so as to ensure the balance and sustainability of the businesses of the Itaúsa Conglomerate.

Risk management of subsidiaries



Itaú Unibanco – In the segment of financial services, risk management permeates the entire organization. The global objectives are defined by the high-level management and, with the participation of committees, the targets and parameters are defined for each business unit. For risk monitoring and analysis, there are control units that provide support to the management in this process.

In the industries, in turn, there are integrated risk management activities carried out by the committees, which are aimed at maximizing the resources and knowledge from experience, so that the solutions can benefit, as far as possible, all the companies.



Duratex – Risk control and risk management involve the Board of Directors, a Risk Audit and Management Committee and a Risk Commission. This is a management format that gathers representatives from strategic, executive and operating areas, thus enabling an accelerated risk assessment and decision-making process for the solution of the problems. In 2011, a formal study was carried out to map the risks, in the form of a matrix. Once they were identified, a weight and a grade were assigned according to the possibility of occurrence, with low, medium and high categories. Based on this grading, an action plan began to be structured to mitigate the risks with higher probability of occurrence and a high impact on the organization.



Eleikeiroz – Governance and risks are intertwined commitments under the high-level management's strategic responsibility. It is the duty of the Governance and Risks Committee to manage and develop process control and improvement mechanisms in line with the company's values in order to minimize situations of vulnerability for the business.



Itautec – Itautec adopts tools and processes to mitigate the main risks inherent to its business, so as to maintain the expected results and the continuity of the operations of each business. It also maintains a Risk Audit and Management Committee, whose responsibilities include discussion and analysis with the relevant management bodies, risk assessment and management policies and activities to ensure that the Executive Management develops reliable internal control mechanisms. In 2010, the Committee retained the services of a specialized company to prepare the corporate risk analysis, which was used as basis for the first annual internal audit plan, carried out in the 2011 financial year. The audit work yielded action plans that will enable the enhancement and monitoring of the processes and activities considered critical for sustainable business development.

Opportunities

Itaúsa's opportunities are also appraised considering the subsidiaries' fields of activity and business profiles. The holding company's Board of Directors analyzes the opportunities involving the technology and innovation areas and those that contribute to greater operating efficiency, as well as the environmental actions that will result in a positive impact on the reduction of greenhouse gas emissions (GGE).

GRI EC2 GRI 1.2 GRI 4.11

Management and Strategy



Historically, the commitments undertaken by Itaúsa in line with the Vision of Sustainability become commitments of all the subsidiaries, owing to the nature of the issues related to this matter.

Sustainability Management

Sustainability management at the Itaúsa Conglomerate is conducted in a decentralized manner, based on the vision of sustainability and on the guidelines established by the holding company for its subsidiaries. Historically, the commitments undertaken by Itaúsa in line with the vision of sustainability become commitments of all the subsidiaries, in view of the nature of the related issues.

This is what happened, for instance, when Itaúsa adhered to the ICO2 of BMF&BOVESPA, which led Itaútec and Elekeiroz to prepare an inventory of the GGE as of the year 2010 (Itaú Unibanco and Duratex had already adopted this practice). The same thing occurred when Itaúsa signed to the Carbon Disclosure Project (CDP) or when it decided to raise the level of the GRI reporting application to “B”: Itaútec and Elekeiroz accompanied the holding company. In 2011, when Itaúsa decided to move to the “A” level of the GRI reporting application, Itaútec and Elekeiroz accompanied it. Therefore, both Itaúsa and the four main subsidiaries, namely, Itaú Unibanco, Duratex, Elekeiroz and Itaútec, reached the highest GRI reporting application level.

The integration process that occurs in the environmental realm is more intensive among the subsidiaries of the industrial area, which created a common agenda and, without compromising the autonomy of either company, acted in synergy with each other. This integration process is conducted through the Environmental Work Groups, in which specialists and executives of the companies meet at least twice a year to discuss and align their positions on matters such as, inter alia GGE, GRI performance indicators and independent audit and verification processes, under the coordination of the Executive Sustainability of Management.

The emphasis of the sustainability management of these companies when it comes to environmental matters is a result of the greater risks and opportunities posed by matters such as energy efficiency, waste management, recycling, waste treatment, water reuse or atmospheric emissions in the fields in which these companies engage: technology, chemicals, wood panels, ceramic sanitary ware and metal fittings and accessories. Being so comprehensive, these issues have an impact on the companies’ economic and social performance, which is why they have a strategic dimension.

Itaú Unibanco, in turn, as a company of the Itaúsa Conglomerate that engages in financial services, utilizes a set of policies and procedures geared toward sustainability in its businesses, which are in line with market trends, regulations and customers’ and society’s demands. These are: Corporate Ethics and Anti-Corruption and Anti-Bribery Policy, Corporate Product, Operation and Process Assessment Policy, Corporate Sustainability Policy, Corporate Socioenvironmental Risk Policy, and Risk Management and Control Policy. The business sustainability strategy has three primary focuses: dialogue and transparency, socioenvironmental risks and opportunities and financial education. The company also carries out a

socioenvironmental audit, a socioenvironmental risk audit of the credit process for legal entities and an analysis of the socioenvironmental risk assessment process in corporate credit operations (Itaú BBA).

Furthermore, Itaú Unibanco makes social and cultural investments through Fundação Itaú Social, Instituto Unibanco and Itaú Cultural, which are intended to improve the quality of education and the development of social awareness. In 2011, its social and cultural investments amounted to approx. R\$ 294 million.



Duratex: Rino Mania – Educational Project in the Municipal Schools of Agudos – SP

Another aspect that contributes to raising the quality of sustainability management of the subsidiaries is the process of business internationalization. The companies that have business relationships with U.S. and European customers are more often questioned in the local markets about socioenvironmental practices, so a new relationship and accountability strategy is put into perspective by these markets.

As part of the continuous evolution and improvement process included in the sustainable business management, Itaúsa organized, in January 2012, for the first time, the Talk with Specialists described in the section [About the Report](#).

Last year, the sustainability management of the manufacturing companies of the Itaúsa Conglomerate evolved toward the improvement of the quality of its atmospheric emission inventories, the sustainability reports and the performance indicators. In this last item, the implementation of the Enterprise Resource Planning (ERP) solution, an integrated corporate management system, together with safer data sharing and storage and access verification control tools enabled the migration of the databases that had existed in the companies since 2004. As a result, a seven-year historical series of environmental indicators was consolidated.

An effort toward data improvement and development was combined with the restructuring of environmental indicators in the search for a better relationship between the products and emissions. Effective in 2012, this information will be brought to the executives in a less technical and more didactic manner, so that the connections between the figures and the company's routine can be evidenced.

The industrial companies selected five aspects to be monitored by the indicators: water, power, solid waste, effluents and atmospheric emissions. Additionally, each company has its own specific set of supplemental indicators. As of March 2012, the manufacturing plants began to establish targets for the five basic indicators, which are addressed in a different manner in each company by reason of the specificities of the manufacturing processes. The targets for water consumption, for instance, are distinct. At Itaútec, the number of hours worked is taken into account; at Deca and Metais, the number of parts produced, in thousand units; at Duratex, the panels (MDF – Medium Density Fiberboard, MDP – Medium Density Particleboard, fiberboard), using the cubic meter production figure.

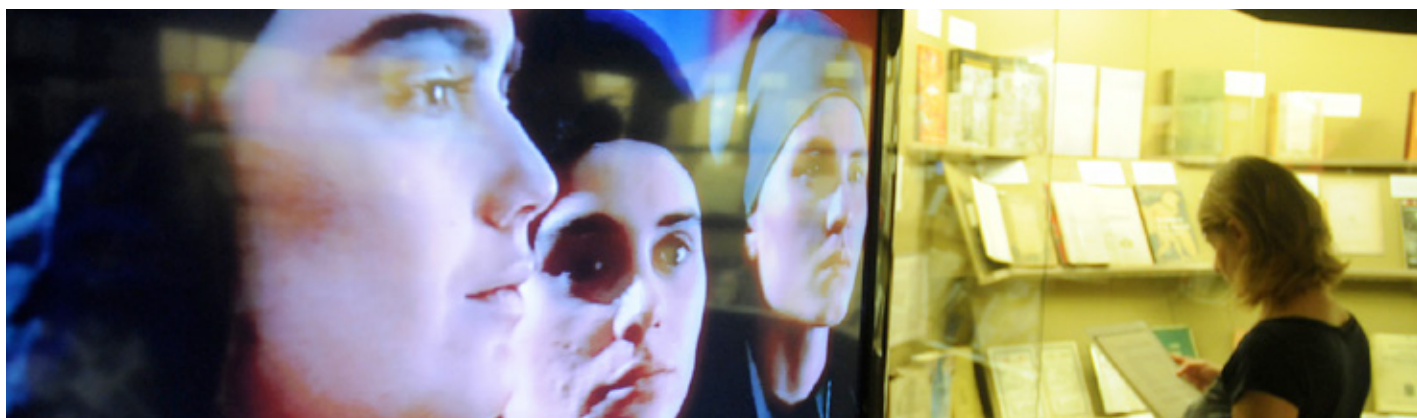
As far as the water and electric energy are concerned, the three industrial companies saw a development in the management of their performance indicators in 2011. The ERP tool enabled a more control over the data and monitoring was strengthened. Clear criteria were defined for each of the indicators and, in 2012, the procedures and the documentation will be formally introduced, so that the management systems can be standardized.

An initiative of Itaú Unibanco, the *TI Verde* program, started in 2009, enabled significant progress in 2001, with the renovation of a 1,000m² area of the Electronic Data Processing (EDP) building located on Avenida do Estado (central region of the city of São Paulo). This renovation, carried out initially only in a part of the EDP building inaugurated 30 years ago, has already made it possible to achieve a 40% reduction of the electric energy consumption. The estimate is that another 4,000 m² area of this building will be renovated entirely by 2013. In addition to the substantial savings, the project, which is considered critical for impacting the bank's core operations, foresees other improvements like ventilation, reduction of air conditioning use, installation of thermally insulated walls and improvement of the cabling systems.

The National Solid Waste Policy regulations are expected to have an impact on the activities of a large number of the Brazilian industries. This will also be the case at the Itaúsa Conglomerate, in particular at Itaútec and, to a lesser extent, at Duratex and at Elekeiroz. For this reason, in 2011 the companies turned their attention to this matter, revising logistics and distribution procedures, as well as building reverse logistics systems.

Itaútec assesses the waste management system from a triple perspective: compliance, opportunity and costs. Compliance is included because the matter is governed by law, the National Solid Waste Policy, which is undergoing regulation by the Topic Work Groups (GTT), under the coordination of federal government authorities. It is also an opportunity, to the extent that Itaútec customers begin to demand environmentally safe disposal services. This is because, under Federal Law No. 12305/10, the entire value chain (manufacturers, importers, distributors, sellers and consumers) is jointly liable for the collection and environmentally adequate disposal of the products on the expiration of their useful life, when they are already considered obsolete.

Therefore, in order to explore the opportunity, Itaútec also maintains a structured reverse logistics process, whereby it receives obsolete products returned for recycling. The law allows the charging of fees for the environmentally safe disposal of obsolete products. Today, for the purpose of contributing to the development of environmental awareness, individuals have not been charged for the services because, as their share still represents a low annual volume, the orders are handled on an on-demand basis through the commercial area. Lastly, costs of waste management are also taken into account because Brazil, with its large size and states located at great distances from the southeastern region, creates a major challenge for the logistics system when it comes to combining efficiency with low costs. Furthermore, there are conflicts among specific state regulations regarding the National Solid Waste Policy (PNRS – Law No. 12305/10).



Itaú Cultural Institute: Ocupação Haroldo de Campos

The company currently responds to the demands through 33 own branches located throughout all Brazilian states and, to minimize the transit of waste in the country, it will introduce new regional small recycling centers for local collection and processing, before sending to São Paulo only what cannot be recycled locally. The first was installed in the city of Curitiba, and the process called for the certification of local companies capable of complying with the environmental standards to handle less complex material locally.

The process developed by Itaútec along the years enables the recycling of 100% of personal computer components and packaging.

At Elekeiroz, the effluent control from the production operations at Várzea Paulista includes a 4-Km private waste discharge outfall, which is responsible for the regular pumping of waste to the treatment station of *Companhia de Saneamento de Jundiaí* (CSJ) [Jundiaí Sanitation Company]. Elekeiroz took part in this pioneering intercity project together with the local government authorities. At the site of Camaçari, production wastewater is collected internally and continuously sent to the final treatment station by *Empresa de Proteção Ambiental* [Environmental Protection

Company] (Cetrel S.A.), which is responsible for the wastewater treatment of the industrial effluents generated by the companies in the petrochemical hub. A boiler that uses part of the wastewater for internal power generation was installed on this site.

The majority of the marketed products from both Elekeiroz sites are liquid bulk chemicals, which, as such, do not require packaging. The others are shipped in drums, a part of which are recycled, or are carried in returnable packaging, such as Bigbags and isocontainers (IBCs), which are low volume tanks).

In view of the complexities involved in waste management from industrial operations, a Waste Work Group was formed with specialists from all the companies of the Itaúsa Conglomerate, which established the standards for waste treatment supplier certification and assessment. These standards involve a documentation and physical audit and, once the suppliers are certified by the environmental area team, they are retained for the provision of these services. Nevertheless, if the company fails the certification process, whether for lack of documents or for improper waste storage or potential soil or water contamination, the contract is terminated and the supplier is no longer considered an option for the industrial companies.

Also in the scope of waste management, Itaú Unibanco, through the *TI Verde* Committee, whose purpose is to identify, map and assess opportunities that take the economic, social and environmental issues of the IT areas into account, has been working on the proper disposal of the waste produced in the refurbishment of several areas of the organization. As an example, in the renovation of the EDP building, two tons of cables remained as waste, which was adequately disposed of with the aid of specialist companies.

Furthermore, all the electronic waste (computers, printers, monitors and other electronic equipment) originating from several areas of the bank is collected and disposed of properly; the reuse rate of the material sent for recycling (plastics, steel, metals and other components) is nearly 96%.

The main points worthy of emphasis regarding the sustainability management of Itaúsa Conglomerate companies are described below.



Itaú Unibanco – During the year 2011, Itaú Unibanco continued to reflect on its sustainability strategy, which, since 2009, has involved representatives of the public, employees from all the business areas of the organization and high-level management. At the end of this collaboration process, the bank determined the sustainable performance concept underlying its vision, as well as its Sustainability Map:

- For Itaú Unibanco, sustainable performance means the generation of shared value for employees, customers, shareholders and society, thus enabling the perpetuation of the business;

- The Sustainability Map represents the integration of sustainability into Itaú Unibanco's business schedule, and is being organized around three strategic focuses: Dialogue and Transparency, Financial Education, and Socioenvironmental Risks and Opportunities.

The seriousness and responsibility of Itaú Unibanco's approach of the issue of sustainability in its business has been recognized in Brazil and abroad. In June 2011, the bank was awarded the title of Sustainable Global Bank of the Year by the British newspaper *Financial Times* and by International Finance Corporation (IFC), a World Bank institution for the private sector, one of the most relevant global awards for sustainability in the financial area. Itaú Unibanco was also once again recognized by *Guia Exame de Sustentabilidade* [Exame Sustainability Guide].

Further effort was seen during the Leaders' Meeting of 2011, when Roberto Setubal and Pedro Moreira Salles shared with 12 thousand managers the new focuses of the bank's strategic agenda for the upcoming years: meritocracy and efficiency. Meritocracy is to be understood as an instrument to recognize and distinguish the professionals according to their relative performance, and efficiency, as a commitment to speed up the processes involving the entire organization, the business areas and the employees in the efforts to reduce expenses and increase income.

Also during 2011, clarity, transparency and promptness of response in the provision of information and in customer relations were made a bank priority. Under the Transparency Program, 100% of the operational changes were introduced to add clarity to contracts, replace technical terms in bank statements and invoices, introduce SMS alerts for each credit card transaction and create other measures aimed at streamlining and enhancing transparency with regard to the communication with customers. On the other end, the bank has been monitoring its position in the ranking of complaints. At the São Paulo consumer portal (Procon), Itaú Unibanco moved from its 2nd position in 2010 (1,708 complaints) to the 3rd position in 2011 (1,383 complaints), which represents a 19% reduction in the total number of complaints. In the accumulated monthly rankings of the Brazilian Central Bank (Bacen) last year, the bank appeared on the list with 4,480 complaints, of which 2,153 were justified, whereas 2,327 were groundless.

Itaú Unibanco also joined the Bike Rio project, an urban mobility action plan to encourage the use of bicycles as a means of transportation. The project is a partnership between Rio de Janeiro City Administration and the company Serttel (the technology owner and manager of the operation) to introduce a bicycle loan program in 60 locations in the Rio de Janeiro state capital. To reinforce the initiative, a partnership was signed with the NGO Transporte Ativo for the development of alternative routes for bicyclists, surveys and traffic education campaigns.

The project makes bicycles available to citizens, to be used from 06:00 a.m. to 10:00 p.m., for one-hour periods. Users must enroll in the program and pay a monthly fee of R\$ 10 – or a daily fee of R\$ 5 – and wait 15 minutes before taking another bike for a new rental period.



Duratex – During 2011, the company invested R\$ 26.7 million in environmental actions, with emphasis on wastewater treatment, waste collection and conservation of forest areas. The amount is 51.7% higher than the one allocated in 2010 to actions of the same nature.

The company also set up the new governance structure for this area at the executive level through the Sustainability Commission, with the purpose of introducing the topics that will be defined and treated on a priority basis by the Sustainability Committee of the Board of Directors in the planning period through 2014. The Commission is formed by executives from several operating areas, who make up a heterogeneous and multidisciplinary group. Over the course of the year this group created the new policy on the environment and climate change and the Purchasing Policy in light of the socioenvironmental criteria, in addition to submitting new topics for the year 2012.

In June 2011, the electronic periodical *Sustentabilidade Duratex* was launched. This monthly bulletin is used to announce the issues relating to the sustainability actions conducted by Duratex on the social, economic and environmental levels.



Elekeiroz – In 2011, the carbon dioxide capture and recovery system for sale to third parties, in operation since last year at the Camaçari (BA) site, was responsible for a reduction of emissions into the atmosphere on the order of 4.9 tons of CO₂.



Elekeiroz

In addition to this initiative, the company carries out several programs which, through employee incentives, are designed to continuously improve the production systems and work procedures. In the year 2011, 4,800 improvement actions were introduced in relation to operational and employee safety, environmental preservation, recycling of materials and cost reduction.

All Elekeiroz production and product lines are certified according to the ISO 9001 program. The company also has in place a Responsible Action Program, of the International Council of Chemical Associations, managed in Brazil by the Brazilian Association of Chemical Industries (Abiquim).



Itautec – In 2011, Itautec filed its Life Cycle Responsibility program for electrical and electronic equipment with the Secretary Office for the Environment of the State of São Paulo, in compliance with the SMA-38 resolution. The program includes a description of each stage of the reverse logistics process for the products and the final, environmentally responsible disposal.

In order to proceed with the objective of involving suppliers in the program, a seminar was held in 2011 on the introduction of the sustainability aspect into the supply chain.

With an eye to sharing the knowledge and the good sustainability practices with students, in 2011 29 schools visited Itautec's premises in Jundiaí (SP), involving 768 students, a number 20% higher than the preceding year's. The objective of the program is to allow students from schools, universities or technical institutes to enhance and share the knowledge acquired in the classroom and to become acquainted with Itautec's production process and the Recycling Center, which last year handled approx. 5,000 tons of solid waste, of which 93% was sent for recycling.

For the purpose of contributing to the spread of knowledge, in 2011 Itautec improved the *Guia do Usuário Consciente de Produtos Eletrônicos* [Guide for the Conscientious Use of Electronics] and released the first version of the *Guia para o Gestor de TI Sustentável* [Guide for the Sustainable IT Manager].

To learn more about the economic, social and environmental performance, please see the annual sustainability reports of the major companies of the Itaúsa Conglomerate: [Itaú Unibanco](#), [Duratex](#), [Elekeiroz](#), and [Itautec](#).

Strategic Planning

Itaúsa defines and aligns the visions of development and business management, the corporate values that guide its activities and the financial strategies of the companies. At the same time, it preserves the operating autonomy of the subsidiaries, thus enabling them to adopt specific strategies according to the requirements of their relevant lines of business.



Itautec

Strategic actions implemented by the Itaúsa Conglomerate in 2011.



Itaú Unibanco – Upon the full integration of operations at the end of 2010, the bank began to reap the rewards of the successful process, and shifted its focus, from the beginning of 2011 on, to the efficiency of cost management processes.

The entire bank and all its businesses prioritized this goal and, accordingly, the institution closed the financial year with a 47.7% efficiency rating, which is better than the 49.1% rating recorded early in 2011. The target is to close the year of 2013 with a 41% efficiency rating. In addition to this important achievement, the consumer credit restructuring will enable the offer of more efficient products to 58 million account holders and non-account holders. At Itaú BBA, the Ultra Large category was launched for the relations with the largest Brazilian companies. Other strategies with quite positive results were adopted for small and mid-sized companies, including vehicle financing and real estate credit. In the latter, the bank ended 2011 in a leadership position in both segments.



Duratex – The strategic focus on retaining the leadership built over more than 60 years in the market was supported by the trio formed by the expansion of the production capacity, investments in operating infrastructure and process integration. In the Deca Division, several investments were made toward the expansion of the production capacity of metal fittings and accessories and ceramic sanitary ware, which included the acquisition of Elizabeth Louças Sanitárias, in João Pessoa (PB), a 25% addition to the production of ceramic sanitary ware, and the use of a new oven for the firing of ceramics at its manufacturing premises of Cabo de Santo Agostinho (PE). The wood division, in turn, saw the completion of a new paper impregnation

line and another Low Pressure Coating line that will afford an expansion of the production capacity of coated products, of higher added value, in addition to a new manufacturing line for laminate flooring. Furthermore, collateral investments were made in the facility of Taquari (RS), for adjustment of the available capacity.



Elekeiroz – The company dedicated itself to the review of its strategic planning and defined business platforms for the next five years, so that the project portfolio was adjusted to factor in organic growth, or growth through acquisitions. Additionally, it included the expansion project of the production capacity of 2-ethylhexanoic acid by 70%, and of the oxo gas facility by 20%, to achieve self-sufficiency in relation to this important raw material for alcohols.



Itautec – In 2011, Itautec consolidated its operating structure by improving the administrative, financial and operational capabilities, which are responsible for it retaining its strong position among the largest and best technology companies in Brazil and for it expanding its presence in the international market. In order to make its strategic management not only feasible, but also more assertive, the Vice President of Strategy and New Business, a position created in 2010, conducted a process of defining the targets and guidelines for the continuous business development in each segment of activity, with the support of the Strategy Committee. This initiative is aimed at differentiating Itautec from the competition as a provider of technology solutions and services, with a clear strategic direction and competitive edge in a market where innovation will be more and more important to stay ahead of competitors.

Ethics and Transparency

In December 2011, the Board of Directors of Itaúsa approved the Code of Ethics of Itaúsa Conglomerate, where Itaúsa's Principle of Ethics is set forth:

"We manage Itaúsa with an eye to maintaining an efficient and sustainable performance, relying on the integrity of our conduct and dedication to creative and positive interaction with our stakeholder groups and with the communities where we operate."

The document also describes Itaúsa's commitment in relation to two core issues – corporate citizenship and management, along with transparency and accountability – and establishes a set of 15 business principles.



Elekeiroz

Furthermore, it sets out the standards of conduct for the relationships with related parties, employees, customers and consumers, suppliers, service providers, business and commercial partners, competitors, and the government sector – in which the conditions for donations to political parties and candidates for a political office, the voluntary sector and the media are explained.

In the same meeting, the Board of Directors entrusted Itaúsa's directors and officers with the responsibility of ensuring that the Code of Ethics be respected, as well as with the authority to clarify any issues regarding the code's interpretation. It also appointed the Ethics, Disclosure and Trading Committee to receive and investigate notices of possible ethical violations. The Committee has a specific channel to receive whistleblower complaints, questions and concerns, complaints, suggestions, etc., and ensures the anonymity of callers and their protection against retaliation.

Itaúsa's Board of Directors determined that the Code of Ethics or conduct of the subsidiaries should be in line with the guidelines set forth by the holding company.

GRI 4.4 **GRI 4.66**

Transparency – Transparency is part of Itaúsa's cultural identity and is addressed, in the Code of Ethics, as a commitment undertaken by the Itaúsa Conglomerate:

Management, transparency and accountability:

- We adopt recognized corporate governance practices and conduct Itaúsa's business with diligence, honesty, transparency and the necessary degree of care;
- We do not place personal interests above the institution's values and interests;
- We respect the legitimate interests of each party and never favor any party to the detriment of others; we handle conflicts and disputes with impartiality and fairness;
- We keep our stakeholders and society apprised of the purposes, behaviors and results of the institution;
- We account promptly and properly for our responsibilities, and our declarations, reports, notices and statements reflect the reality of the institution with clarity and consistency;
- We guarantee the independence of our risk management, compliance and audit processes;
- We protect non-public information (privileged, confidential, secret and inside information) in order to prevent any information leak and the adverse effect it might have on Itaúsa, our stakeholders and the trusted relationships we keep with them;
- We do not use information from inside the company for private purposes.

Transparency is a value incorporated into the daily routines of the leaders, managers and professionals of the Itaúsa Conglomerate. Transparency guides Itaúsa and its subsidiaries' relations with the capital market. Meetings with analysts have been conducted for 25 consecutive years by Duratex, for 16 consecutive years by Itaú Unibanco, and for 11 consecutive years by Itaúsa itself, whereas Itaútec and Elekeiroz take part in Itaúsa meetings.

As part of the commitments undertaken for adherence to Bovespa Level 1 Corporate Governance, Itaúsa calls public annual meetings in partnership with Apimec to discuss its results, strategies and prospects for the future, always with an eye to disseminating the capital market culture.

The last meeting was held in the city of São Paulo on November 29, 2011 and attended by an audience of 173 people, including analysts, investment professionals, investors, shareholders and the Brazilian and foreign specialized press. The links to the content of the presentations on the annual results of Itaúsa since 2001 are available on the Itaúsa website. There, it is also possible to see the schedule for the future releases of quarterly and annual results, in addition to the shareholders' meetings.

Corporate Culture

The introduction of the Code of Ethics approved in 2011 provides a brief description of Itaúsa's corporate identity. The wording is shown below:

"Itaúsa's culture is defined by the set of values and principles of an ethical and technical nature which, through time, have marked its history and guided its conduct."

"The continued existence of these values and principles inspires our policies and practices, and over time, they permeate the actions of the entire institution, which undergirds Itaúsa's identity."

"Over the past decades, four key ideas have helped explain, to a greater or lesser extent, the culture and identity of the corporate institutions. They are: ethics, transparency, social purpose and sustainability."

This culture, which was born with the institution and was enshrined last year with the approval of the Code of Ethics, underlies all our decisions and is, to a great part, responsible for the good results achieved. Ethics, transparency, social purpose and sustainability are the principles that, combined with the commitments to profitability and shareholders' returns, will continue to direct our actions and strategies for durable businesses capable of contributing to stable country development.



Itaú Unibanco

For illustration purposes, work environment surveys carried out by the subsidiaries with their employees have confirmed that the levels of acceptance of the corporate culture and motivation are quite positive. At Itaú Unibanco, in the period from 2009 to 2011, employee satisfaction with the institution increased from 69% to 75%. A similar survey conducted at Elekeiroz, also in 2011, yielded a satisfaction rate of 64.75%.

Strong Brands



Itaú Unibanco

Itaúsa and its subsidiaries are reference companies in the markets they are present. The group's brands hold a strong position and are sound symbols that disseminate and conduct business with ethics, transparency, respect and value creation for all the parties involved.

ITAÚSA **Itaúsa**

- For the eighth consecutive time, Itaúsa was selected for inclusion in the
- DJSI portfolio;
- Leader in its field (Financial Services) for the fifth consecutive year;
- Highest grade of the sector in nine categories;
- Melhores & Maiores Ranking of Exame magazine 2011 – Itaúsa ranks sixth in revenue among the 200 largest corporate groups of the country.



Itaú Unibanco

- In order to serve a diversified base of individual and corporate entity customers of the most distinct profiles, Itaú Unibanco offers a comprehensive set of services, such as retail, wholesale and investment banking; microfinance; small and mid-sized companies; credit cards; real estate credit; wealth management and services (asset management solutions, corporate credit, finance and succession for companies); vehicle financing; treasury; insurance; and private pensions and capitalization. All are provided in an integrated manner by the Commercial Bank, Itaú BBA and Consumer Credit segments;
- The communication and financial education campaigns relating to credit awareness, investments and social security launched on YouTube in the second half of 2011, with a specific tutorial for each of the products, with the purpose of helping consumers with their financial planning, were viewed, respectively, 7.7 and 2.3 million times;
- The Fanpage of Itaú Unibanco on Facebook in September 2011 surpassed, in 2012, the mark of 1 million and 300 thousand fans, gaining the most followers of the entire category. The bank is also a Twitter leader, where it currently has over 90 thousand followers of its seven profiles.



Duratex GRI 2.9

- 60th anniversary celebration with projects such as Rino Mania: 60 rhino sculptures decorated by artists were displayed in strategic points of the city of São Paulo, and a 15-sculpture exhibition was taken to 11 cities of the states of São Paulo, Minas Gerais, Rio Grande do Sul and Pernambuco, where Duratex manufacturing and industrial facilities are located. In these locations, Rino Mania was also shown to primary school children of 128 public schools. In the end, the 75 sculptures were sold in an auction, and the proceeds of approx. R\$ 600 thousand were donated to the United Nations Fund for Children (UNICEF) and the Association of Parents and Friends of Children with Intellectual Disabilities (APAE) and other voluntary sector entities;
- Acquisition of Elizabeth Louças Sanitárias;
- Announcement of the construction of two other MDF plants, with estimated investments of R\$ 1.2 billion.



Elekeiroz

- Carbon dioxide capture and recovery system – reduction of 4.9 thousand tons of CO₂ emissions into the atmosphere;
- Investments of R\$ 63.5 million;
- Launch of the Plastek 81 plasticizer, which uses renewable source raw materials with excellent performance in PVC transformers.



Itautec

- ATM supply contract with a large Mexican bank;
- Implementation of an important biometrics project in a large Brazilian financial institution;
- Investments of R\$ 82.2 million a year, of which R\$ 68.7 is in research and development;
- Considerable expansion of the product portfolio. At the end of 2011, the Computer line comprised 16 models, including notebooks, netbooks and desktops, seven server platforms, two all-in-one models and the TabWay, Itautec's tablet;
- Automation saw the debut of the Adattis Touchless 3D ATM, the first equipment in the world to use this technology.

Creation of Value for the Shareholder

Itaúsa Conglomerate enterprises are publicly-traded companies that adopt the best corporate governance practices, obtain good results over time, enable investment and ensure returns to their shareholders. They are organized as businesses that create jobs and development for the country and attract international capital, in addition to being supported by sustainable practices that preserve the environment, value diversity, are recognized nationwide and create innovative and useful products and services to their customers and the end consumers. Some of the achievements of Itaúsa's subsidiaries are listed below:



Duratex



Itaú Unibanco

- The major achievement in 2011 was the completion of the merger of Itaú and Unibanco operations. This operational integration represents a considerable improvement that will streamline the internal processes, and now the efforts previously focused on carrying on the processes will be shifted to serve millions of customers and to develop new products and services;
- Creation of the first bank account for exclusively electronic operation, the iConta, with unlimited, free of charge transactions, developed for customers who chose to use only the electronic channels of the bank (Itaú 30 Hours on the Internet, electronic service by telephones, mobile telephones, iPads and ATMs);
- Significant scale gain in all segments and synergy in several businesses.



Duratex

- Strong and recognized brands;
- Products geared to the different consumption segments;
- Economies of scale: largest manufacturer of processed wood panel in the Southern Hemisphere and one of the world's largest manufacturers of ceramic sanitary ware and metal fittings and accessories;
- Geographic diversification of the plants located near important consumer centers;

- High degree of forest self-sufficiency, with a short distance to the supply point of plants;
- Balanced capital structure.



Elekeiroz

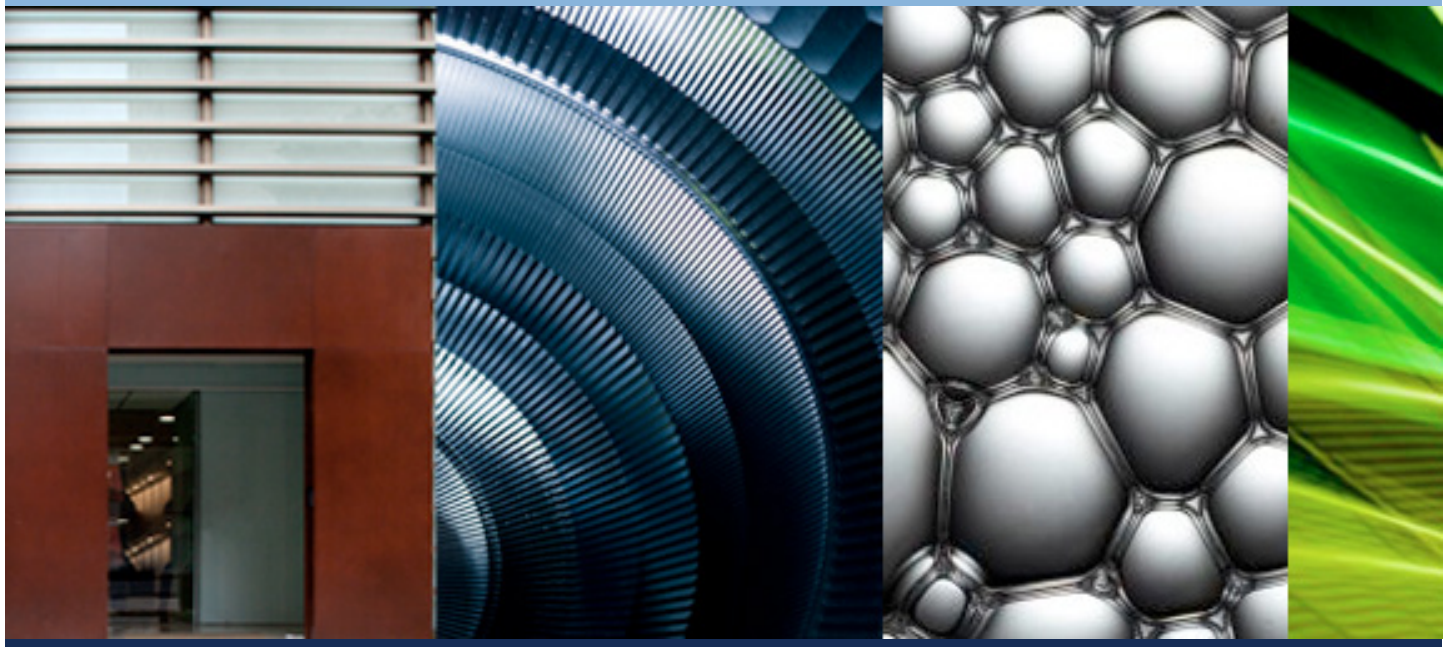
- Sole producer in South America of octanol, butanol and 2-ethylhexanoic acid;
- Latin American leader in plasticizers, phthalic and maleic anhydrides;
- Camaçari (BA) site located in South America's largest petrochemical hub;
- Várzea Paulista (SP) site located near the country's largest consumer center;
- Self-power generation, providing for approx. 60% of the demand of the Várzea Paulista site.



Itautec

- Over 32 years of presence in the domestic market;
- Superior capabilities in the development of products with higher added value;
- Largest technology service chain of the country – 3,700 locations served;
- High scale production capacity;
- World's 10th largest installed ATM base;
- Pioneer in sustainable IT in Brazil.

Performance



Itaúsa and its subsidiaries attained excellent results in 2011, as a result of the balanced management model, which pursues sustainable development in all its businesses.

Results and Indicators of the Holding Company

Results

On December 31, 2011, Itaúsa's shareholders' equity reached R\$ 29.3 billion, an increase of approx. 12.1% over the 2010 balance sheet, which recorded a figure of R\$ 26.2 billion. The net income from January through December 2011, in turn, was R\$ 4.8 billion, approx. 9.5% above the R\$ 4.4 billion obtained in 2010. With regard to the profitability of the average net equity, in both financial years the performance rating was 17.5%.



Itautec

ITAÚSA'S MAIN INDICATORS – IN MILLIONS, EXCEPT WHERE INDICATED OTHERWISE

	Controlling		Non-Controlling		Itaúsa Conglomerate	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Net Income	4,837	4,417	530	596	5,367	5,013
Recurring Net Income	5,040	4,837	514	578	5,554	5,415
Shareholders' Equity	29,341	26,159	2,949	2,877	32,290	29,036
Profitability						
Annualized Profitability based on the Average Net Worth (%)	17.5%	17.5%	18.3%	21.4%	17.6%	17.9%
Annualized Recurring Profitability based on the Average Net Worth (%)	18.3%	19.2%	17.8%	20.8%	18.2%	19.3%

INDICATORS PER SHARE – IN R\$

	12/31/2011	12/31/2010	Evolution %
Parent's Net Income	1,10	1,01	8,7
Parent's Recurring Net Income	1,15	1,11	3,4
Parent's Net Worth	6,66	5,98	11,4
Dividends/Own Equity Interest – Net	0,37	0,33	12,5
Nominative Preferred Share Price ⁽¹⁾	11,18	13,14	(14,9)
Market Capitalization ⁽²⁾ – in R\$ million	49,268	57,478	(14,3)

⁽¹⁾ Based on the average quote of preferred shares on the last day of the financial period.

⁽²⁾ Calculated based on the average quote of preferred shares on the last day of the financial period (Average Nominative Preferred share quote multiplied by the number of outstanding shares at the end of the period).

Indicators

Employees

Itaúsa and its subsidiaries had 122 thousand employees on December 31, 2011. The payments to employees as remuneration, social security charges and benefits accumulated in the year amounted to R\$ 14 billion.

Regarding the investments in education, training and development programs, there was an 8.6% increase in 2011, reaching R\$ 264 million versus R\$ 243 million in 2010.

ADDED VALUE STATEMENT (DVA – CONSOLIDATED) **GRI EC1**

IN MILLION REAIS



- Personnel
- Taxes, Charges and Contributions
- Third Party Capital Compensation - Rents
- Own Capital Compensation

In million Reais	01/01 to 31/12/2011	%	01/01 to 31/12/2010	%
TOTAL VALUE ADDED FOR DISTRIBUTION	12,517		13,394	
DISTRIBUTION OF THE TOTAL VALUE ADDED	12,517	100.00%	13,394	100.00%
Personnel	3,237	25.86%	3,770	28.15%
Direct Salaries	2,314		2,948	
Benefits	639		579	
F.G.T.S. [Workers' Unemployment Fund]	284		243	
Taxes, Charges and Contributions	3,577	28.58%	4,299	32.10%
Federal	3,199		3,991	
State	88		77	
Municipal	290		231	
Third Party Capital Compensation - Rents	336	2.68%	312	2.33%
Dividends and Own Capital Interest Paid/Provisioned for	5,367	42.88%	5,013	37.43%
Retained Earnings/(Loss) of the Period	1,308		1,191	
Non-Controlling Shareholders' Share of Retained	3,529		3,226	
Earnings	530		596	

Results and Indicators of the Subsidiaries

Results

In 2011, the net income posted by Itaú Unibanco was R\$ 13.8 billion, an 18.2% increase in comparison to the previous year. In the financial year, the profitability of the average shareholders' equity was 19.9% versus the 18.9% figure recorded in 2010. The total consolidated assets on December 31, 2011, in turn, experienced a 12.5% growth in relation to the closing of the previous financial year, reaching R\$ 818.1 billion.

Notwithstanding the adverse international situation, Itaú Unibanco's operating performance enabled an improvement in the Bloomberg world ranking of market value for banks. In 2011, the institution moved up to the 8th position and, for the third consecutive year, Itaú Unibanco was listed among the world's ten largest banks, based on Bloomberg criteria.

In the financial year of 2011, Duratex's net income amounted to R\$ 2.9 billion, an 8.3% expansion over the income earned in 2010. This was a result of the 17.9% growth in the volume marketed by the Deca Division and the improvement of that unit's net income in both divisions – Deca and Wood. The domestic territory continues to be the major market, accounting for about 59% of the year's sales.



Elekeiroz

At Elekeiroz, in turn, the net income in the financial year reached R\$ 776.7 million, which represents an 8.7% reduction versus 2010 (of 1.0% in the domestic market and 41.3% in exports). The proportion of total exports in the net earnings, which had reached 15% in 2010, experienced a 10% reduction in 2011.

Itautec posted a net income of R\$ 44 million in 2011 and consolidated net earnings from sales and services of R\$ 1,542 billion. The net income, 1.9% lower than in 2010, is due to the decreased activity in the automation segment recorded in the first half of 2011 and to the downturn in the average price of computer equipment, in particular in the retail segment. The profitability annualized based on the average net worth was 8.3%, versus 2.2% recorded in 2010.

MAIN INDICATORS OF THE ITAÚSA CONGLOMERATE COMPANIES – IFRS (R\$ MILLION)

R\$ Millions		Financial Services Area	Industrial Area			Consolidated/ Itaúsa Conglomerate (1) (2)
		Itaú Unibanco Holding S.A.	Duratec S.A.	Itautec S.A.	Elekeiroz S.A.	
Total Assets	2011	818,136	6,814	1,176	654	312,002
	2010	727,082	6,171	1,081	633	275,492
Operating Income (3)	2011	124,877	2,970	1,542	777	56,238
	2010	104,414	2,742	1,571	851	47,492
Net Income	2011	13,837	375	44	15	5,367
	2010	11,708	467	12	45	5,013
Shareholders' Equity	2011	73,941	3,693	538	477	32,290
	2010	65,875	3,453	514	466	29,036
Annualized Profitability based on the Average Net Worth (%) (4)	2011	19.9%	10.5%	8.3%	3.1%	17.6%
	2010	18.9%	14.1%	2.2%	10.1%	17.9%
Internal Generation of Funds (5)	2011	43,182	861	66	35	17,166
	2010	40,100	839	70	88	16,668

(1) Itaúsa Conglomerate includes: the consolidation of 100% of the subsidiaries; and the consolidation proportional to the interest held in the companies under common control.

(2) Itaúsa Consolidated/Conglomerate data are in values net of the intercompany eliminations and of unrealized results of intercompany transactions. The amounts of Itaú Unibanco were consolidated proportionally to the interest held by Itaúsa in December 2011, 36.82% (36.57% in December 2010).

(3) The Operating Income by area of activity was obtained as follows:

- Itaú Unibanco: Interest and Yield, Net Earnings (Losses) with Financial Assets and Liabilities, Dividend Income, Income from the Provision of Financial Services, Result of Social Security and Capitalization Insurance Operations before Claims and Expenses and Commercialization and Other Operating Income.
- Duratec S.A., Itautec S.A. e Elekeiroz S.A.: Sales of Products and Services.

(4) Represents the net income in the period as a proportion of the average net worth (Dec + Mar + Jun + Sep + Dec)/5).

(5) Refers to the resources arising from the operations obtained according to the Cash Flow Statement.

Indicators

Internal Audience

All the companies of the Itaúsa Conglomerate work in accordance with the principles and values disseminated by the holding company, as far as the talent evaluation, recognition and retention are concerned, so as to be able to attract and keep the best professionals.



Itaú Unibanco: during the year, the company allocated an amount of R\$ 11 billion in fixed salaries, added to charges and benefits. Another sum of R\$ 114 million was allocated to professional education and development. Worthy of note in 2011 is the finalization of the merger of Itaú and Unibanco operations, the strengthening of the new corporate culture of the institution and the dissemination of Our Way to Do It, a set of ten attitudes and values that guides all relationships. With the implementation of these processes, the employees began to be evaluated based on meritocracy and efficiency.



Duratex: the total number of employees was 10,688, who received total remuneration of R\$ 315.5 million in the year. Investments in qualification programs were intended to fund technical improvements and development of interpersonal competencies, as well graduation, postgraduate and foreign language programs, in a total sum of R\$ 1,9 million.



Elekeiroz: closed the year 2011 with 796 employees, who received remuneration amounting to R\$ 75.5 million. Resources allocated to qualifications, education and development amounted to R\$ 1.2 million.



Itautec: the number of direct employees at the end of the financial year reached 5,902, with distribution in the form of remuneration, social charges and benefits of R\$ 341.9 million. In the area of education, in 2011 R\$ 774,6 thousand were invested in training programs of the Itautec Leadership Academy, Itautec Online and the Sales School, as well as in professional qualification and development programs.

Awards and Recognitions GRI 2.10



In 2011, Itaúsa Conglomerate companies received dozens of awards and recognitions granted by a number of institutions. This is one more indication that we are making the right choices and creating value for the market and the entire society.



Itaú Unibanco

- **FT/IFC Sustainable Finance Awards** – Granted by the British newspaper *Financial Times* and by IFC, this is the most important award for sustainable investment and banking practices. Itaú was selected the Sustainable Bank of the Year (Americas) for the third time and, for the first time, Sustainable Global Bank of the Year. It was the first Brazilian bank to be chosen for the main category of the award;
- **The Most Admired Companies in Brazil** – In these awards, organized by the *CartaCapital* publication, Itaú Unibanco was selected as the winner in the Retail Bank category and the 6th most admired company in the country;
- **Most Valuable Brand of Brazil** – Itaú Unibanco held the first position in the ranking of interbrand consulting, with the title of the Most Valuable Brand in Brazil;
- **Companies of Highest Prestige in Brazil** – Itaú Unibanco was listed among the 15 Companies of Highest Prestige in Brazil, organized every year by *Época Negócios*, in partnership with Troiano Branding Group;
- **Top 1000 World Banks** – In this list by the British magazine *The Banker* magazine, Itaú ranked first among the country's financial institutions and 34th in the general ranking of world banks. Furthermore, it appeared in 12th place on the list of the most profitable banks worldwide;
- **Safest Emerging Market Banks** – This award is granted by *Global Finance* magazine. The ten safest banks of Latin American Emerging Markets qualified for the award, and Itaú Unibanco had the highest ranking;
- **Private Banker International Awards 2011 - Outstanding Private Banking in Latin America** – Designed by the British publication *Private Banker International*, the award recognizes the best organizations in the financial industry;
- **Global Private Banking Awards - Best Private Bank in Brazil and Latin America** – Information on private banks is compiled to recognize excellence in their actions, with both organizing publications belonging to the *Financial Times* group;
- **IR Magazine Brazil Awards 2011** – Organized by *IR Magazine*, the award featured Itaú Unibanco in the Grand Prix category, with the best investor relations program; the award was open to companies with market capitalization above R\$ 3 billion;
- **The 25 Largest Banks of Latin America** – Itaú Unibanco leads the ranking, in this award that is granted annually by *América Economia* magazine;
- **The Best of Dinheiro** – Organized by the publication *IstoÉ Dinheiro*, this award selects the companies of each sector that stood out in their line of business in the previous year. Itaú Unibanco was awarded the recognition for the first time, in the Best Corporate Governance category;

- **Best Investment Bank of Brazil** – This recognition was granted to Itaú BBA by *Latin Finance*, one of the most important corporate finance publications in Latin America;
- **Best Research Team of Brazil** – This recognition was granted by the publication *Institutional Investor* to the Itaú BBA team for the second consecutive year; for the first time, the team also won the title of best of Latin America;
- **Intangíveis Brasil (PIB) Award** – Itaú Unibanco won the award, granted by Padrão Group/DOM Strategy Partners, in the Corporate Governance category;
- **Best Cash Manager of Brazil** – Granted to Itaú BBA by *Euromoney* magazine;
- **BrandZ Top 100 Most Valuable Global Brands 2011** – For the first time, Itaú appeared in the global brand ranking organized by Millward Brown Optimor. It ranked 90th in the overall classification and first among the Latin American financial institutions;
- **Top of Mind** – For the third consecutive year Itaú Unibanco took 1st place in the Banks category, in a survey conducted by the Brazilian Association of Advertisers (ABA) in partnership with TopBrands Consulting;
- **Deal of the Year 2011 (Americas)** – This was granted by Project Finance International to Itaú BBA.



Duratex

- **Best of Agrobusiness 2011** – In the 7th edition of the award organized by Globo Rural award, Duratex was the winner in the category Wood Exploration and Reforestation;
- **Top of Mind** – Deca was found by *Casa & Mercado* magazine to be the most recalled brand in the metal fittings and accessories and ceramic sanitary ware areas, in addition to being awarded the title Company of the Year;
- **Top Mobile** – Duratex won, for the fourth consecutive time, the Top Mobile award, one of the most important distinctions of the furniture sector in Brazil. The company ranked first in the categories MDP Panels and MDF Panels in the Industry Suppliers segment;
- **Companies that Generate Most Value to the Shareholder** – Duratex ranked second in the 2011 edition of the award organized by *Capital Aberto* magazine;
- **IDEA Brasil** – Deca's Touch faucet received a Golden Award from the Brazilian branch of the U.S. prize International Design Excellence Awards (IDEA);
- **Durafloor** – A high penetration brand in the laminate flooring segment, the company was awarded the Top of Mind title by the publications *Anamaco*, *Pini* and *Casa & Mercado*;

- **Green Building Brazil award** – Deca was recognized as a Sustainable Product, Material and Technologies Company for presenting to the domestic market a portfolio of items that combine beauty, comfort and commitment to the environment;
- **25th Museu da Casa Brasileira Award** – This is an award that encourages domestic design in the country. Deca received an Honorable Mention for the Deca Twin Spa shower.



Elekeiroz

- **European Composite Journey (JEC)** – The company received a distinction in the event held in Paris for helping its resin customer MVC Soluções em Plástico to be granted the Winner of the JEC Award 2011. The design selected was a wood veneered panel made for the new Carrasco airport in Uruguay, using the Biopoli resin line, produced from renewable sources;
- **Highest Growth** – Elekeiroz won from the company Sherwin-Williams, one of the leaders in the segment of paints in Brazil, the award for the Highest Growth category. This award is in its 15th edition and is granted to the best raw material suppliers. Elekeiroz is a phthalic anhydride, maleic anhydride and plasticizer supplier;
- **Melhores & Maiores 2011** – The company ranked first in growth, first in current liquidity and 6th among the best of the sector in these rankings by *Exame* magazine.



Itautec

- **World Finance Technology Awards 2011** – Itautec garnered three awards from the World Finance Technology Institute (England): **Automated Banking Branch Technology Of The Year Latin America**, which recognizes our ability to deliver in the branch environment, in all contact points with the customer; **Retail Banking Systems Technology Provider Of The Year Latin America**, which recognizes experience in the development of solutions focusing on customers' processes; and **Security Technology Provider Of The Year Latin America**, which certifies the ability to offer safety, monitoring and fraud prevention solutions to customers;
- **Fintech 100** – 2011 Edition – For the third consecutive year, the company was recognized as the best Latin American technology company for the financial sector, ranking 29th overall. The survey is carried out by *IDC Financial Insights* and by the publications *American Banker* and *Bank Technology News*;
- **500 Largest Brazilian Companies** – The company held the first position in corporate governance in the electrical and electronic sector, and was featured in other aspects analyzed in the 2011 edition published by the *IstoÉ Dinheiro* magazine;

- **CW 300** – IT Hardware Outstanding Performance – Itautec received a special mention in commercial and business automation in the *ComputerWorld* ranking, which lists the 300 best Information and Communication Technology (ITC) companies in Brazil;
- **Enterprise Marketing Forum Award** – This award was granted in the Corporate Marketing category in the 2011 edition of the Enterprise Marketing Forum organized by the Group of Enterprise Leaders (LIDE);
- **50 Empresas do Bem** – Itautec was named as one of the 50 companies that stood out in sustainability in the 2011 edition of the *IstoÉ Dinheiro* publication.

GRI Index



GRI Index GRI 3.12

Itaúsa – Investimentos Itaú S.A. hereby declares that its 2011 Annual Sustainability Report follows all the GRI criteria and is in line with the G3.1 standard. It also declares that it complies with the A+ application level and that the content has been prepared based on a consistent process of materiality determination, which identified the relevant matters and the organization of the information contained in this report.

With due regard for its characteristics of a pure holding, 42 indicators referring to the Profile Items were presented, of which 17 addressed Governance, Commitments and Engagement.

In addition to these indicators, with Itaúsa's new reporting form, the publication incorporates the performance indicators of the subsidiaries that responded in relation to the materiality of the organization, which reflects the holding company's guiding role of demonstrating good practices and sustainable management vis-à-vis the Itaúsa Conglomerate companies.

The document was submitted to PwC for assurance and verification of the application level according to the GRI. The GRI verification statement is available [on this page](#), and the independent auditors' report, [on this page](#).

GRI	Reported	Page
1 STRATEGY AND ANALYSIS		
1.1 Declaration of the holder of office with higher discretionary authority within the organization about the relevance of sustainability for the organization and its strategy	In full	7, 9
1.2 Description of the main impacts, risks and opportunities	In full	6, 30, 31
2 CORPORATE PROFILE		
2.1 Name of the organization	In full	14
2.2 Main brands, products and/or services	In full	15
2.3 Operational structure of the organization, including its main divisions, operational units, subsidiaries and joint ventures	In full	16
2.4 Location of the organization headquarters	In full	16
2.5 Number of countries where the organization operates and names of the countries where their main operations are located or are specially relevant as far as the sustainability issues covered by this report are concerned	In full	16
2.6 Type and legal nature of the property	In full	14
2.7 Markets served (including the geographic designation, sectors served and type of customers/beneficiaries)	In full	16
2.8 Size of the organization	In full	Large-sized
2.9 Main changes during the period covered by this report, referring to size, structure or share ownership structure	In full	47
2.10 Awards received in the period covered by this report	In full	56
3 PARAMETERS FOR THE REPORT		
3.1 Period covered by the report for the information provided	In full	04
3.2 Date of the most recent preceding report (if any)	In full	05

GRI	Reported	Page
3.3 Frequency of report issuance (annual, biennial, etc.)	In full	04
3.4 Contact details in case of questions referring to the report or its content	In full	05
Scope and limit of the report		
3.5 Content definition process	In full	05, 06
3.6 Limits of the report (countries, divisions, subsidiaries, joint ventures, suppliers)	In full	04
3.7 Declaration of any specific constraints on the scope or the limit of the report	In full	04
3.8 Basis for the preparation of the report, as far as the joint ventures, subsidiaries, leased premises, outsourced operations and other installations likely to have a significant impact on the comparability between the reporting periods and/or between the organizations	In full	04
3.9 Data measurement techniques and the calculation bases, including the hypotheses and technique that support the estimates applicable to the compilation of the indicators and other information of the report	In full	04
3.10 Explanation of the consequences of any restatement of information disclosed in previous reports and the reasons for this restatement	In full	04
3.11 Significant changes in comparison to the previous years as far as the scope, limit or measurement methods applied in the report are concerned	In full	04
3.12 Table that identifies the location of the information in the body of the report	In full	62
Verification		
3.13 Current policy and practice regarding the search for external verification for the report	In full	04 and 83
4 GOVERNANCE, COMMITMENT AND ENGAGEMENT		
4.1 Governance structure of the organization, including committees under the highest governance body responsible for sustainability	In full	20
4.2 Indication if the CEO of the highest governance body is also an officer	In full	22
4.3 Independent or non-executive members of the highest governance body	In full	22
4.4 Mechanisms for shareholders and employees to submit recommendations	In full	23, 43
4.5 Relation between remuneration and performance of specific tasks, such as the design of strategies or supervision of the organization	In full	25
4.6 Processes in place to ensure that conflicts of interest are avoided	In full	23, 25, 43
4.7 Process for the determination of the qualification and knowledge of the directors	In full	25
4.8 Statements of missions and values, codes of conduct and relevant internal principles for the economic, environmental and social performance, as well as the stage of their implementation	In full	16, 25
4.9 Procedures of the highest governance body to oversee the identification and management by the organization of the economic, environmental and social performance, including relevant risks and opportunities, as well as the adherence to or compliance with internationally adopted standards, codes of conduct and principles	In full	20, 23
4.10 Processes for self-assessment of the highest governance body, especially regarding the economic, environmental and social performance	In full	25

GRI		Reported	Page
Commitments to external initiatives			
4.11	Explanation if and how the organization applies the principle of due degree of care	In full	30, 31
4.12	Letters, principles or other externally developed initiatives of an economic, environmental and social nature that the organization subscribes to or endorses	In full	Commitments are undertaken by the subsidiaries and reflect Itaúsa's position
4.13	Participation in national/international associations or organisms	In full	The participation in in associations and other bodies occurs in compliance with the criteria involving the subsidiaries' specific activities and corporate relations and reflect Itaúsa's position
Engagement of Stakeholders			
4.14	List of stakeholder groups engaged by the organization	In full	05
4.15	Base for identification and selection of stakeholders with which to engage	In full	05
4.16	Approaches of stakeholders' engagement, including the frequency of engagement by type and group of stakeholders	In full	05
4.17	Main issues and concerns raised through the engagement of stakeholders and measures that the organization has adopted to address them.	In full	06
STANDARD DISCLOSURES			
DMA EC		Disclosures of the Management Approaches (DMAs) Economic (EC)	
Aspects	Economic Performance	In full	08, 21, 22, 23, 26, 27, 28, 41, 42, 51, 52, 53, 54
	Market presence	In full	15, 16, 48, 49
	Indirect economic impact	In full	33
DMA EN		Disclosures of the Management Approaches (DMAs) Environmental (EN)	
Aspects	Materials	In full	33
	Energy	In full	33, 35
	Water	In full	33, 35
	Biodiversity	In full	33, 71, 72
	Emissions, wastewater and solid waste	In full	33, 34, 35, 36, 37, 39, 40
	Products and Services	In full	35, 36, 37
	Compliance	In full	35, 36
	Transportation	Not reported	–
	General	In full	33, 34, 34, 37, 39

GRI		Reported	Page
DMA LA		Disclosures of the Management Approaches (DMAs) Labor (LA)	
Employment			
Aspects	Relations between employees and the executive management board	In full	38, 45
	Work health and safety	In full	40
	Training and education	In full	52, 55
	Diversity and equality of opportunities	In full	43
DMA HR		Disclosures of the Management Approaches (DMAs) HR	
Aspects	Investment practices and purchasing process	In full	43
	Non-discrimination	In full	43
	Freedom of association and collective bargaining	In full	43
	Child labor	In full	43
	Forced or slave-like labor	In full	43
	Safety practices	In full	43
	Indigenous rights	In full	43
DMA SO		Disclosures of the Management Approaches (DMAs) SO Society (SO)	
Aspects	Community	In full	34, 68, 73
	Corruption	In full	43, 44
	Public Policies	In full	43, 44
	Unfair Competition	In full	43, 44
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DMA PR		Disclosures of the Management Approaches (DMAs) Product Liability (PR)	
Aspects	Customers' health and safety	In full	36, 40, 44
	Product labeling and services	Partial	36
	Communication and Marketing	In full	38, 40, 44
	Compliance	In full	44
ECONOMIC PERFORMANCE			
Description of the Economic Performance forms			
Economic Performance			
ES EC1	Direct economic value generated and distributed, including income, operating costs, employees' remuneration, donations and other investments in the community, non-distributed profits and payments to capital providers and the government (es – essential indicator)	In full	52
ES EC2	Financial implications, risks and opportunities for the organization in view of the climate changes es – essential indicator)	In full	31

Subsidiaries' Indicators

The subsidiaries' indicators disclosed in this publication satisfy the materiality determination criteria of the study conducted by Itaúsa for the 2011 Annual Sustainability Report and take into consideration the information from the survey and the materiality criteria applied to the report of each of the companies of the Itaúsa Conglomerate.

Therefore, the information and results reproduced here are only those that are part of the subsidiaries' reporting process.

ECONOMIC PERFORMANCE

EC2 Financial implications, risks and opportunities for the organization owing to climate change (es – essential indicator).



Itaú Unibanco

The climate change topic is considered in the strategic focus initiatives comprising socioenvironmental risks and opportunities of the bank and is a part of the set of information made available in the Carbon Disclosure Project and in the sustainability indices (ISE and DJSI) in which the company participates.

As a financial sector company, the emissions from its activities are not significant and, for this reason, do not expose it to a relevant regulatory risk. The risk concerns any possible new regulations on emissions relating to the activities financed by the bank.

In relation to the opportunities, we try to act on the development of financial products that help direct the resources to a low carbon economy, especially as far as energy efficiency and clean energy are concerned. A good example is the allocation of resources to customers from overseas capture line (external funding) and the International Finance Corporation, which aims at investing in sustainability, energy efficiency and cleaner production.

Some of the products offered in 2011 were:

- Itaú Ecochange Fund – directs 30% of its administration fee to not for profit organizations reducing emissions responsible for the greenhouse effect. From 2009 to 2011, R\$ 1.72 million were directed to programs of 12 entities;
- Financiamento Itaú BBA – geared to the promotion of growth in the wind power sector. In 2011, over R\$ 1 billion were spent in project contracts of this type, versus R\$ 100 million in financing of wind power projects of the previous year.



Duratex

The risks tied to possible climate change arise from the change in the regulatory environment and the consequent demands for reduction of carbon dioxide emissions or preparation of products with superior performance. The projected impacts are the reduction of forest productivity in the case of irregular rainfall, increase of investments in the research and development of eco-efficient products in the cultivation of forests and improvements for the reduction of emissions.

In terms of the opportunities to act on climate change, Duratex, as a leading company in its business segments, has investment capabilities to adapt to more challenging conditions and lead the movement for change, with the possible acquisition of market shares. Furthermore, since 2000 the company has been conducting an inventory of the GGE that encompasses all the units as from the year 2011. And since 2007, Duratex has quantified the carbon stock in the forests cultivated in the State of São Paulo that supply its manufacturing plants. In order to improve the data survey, a specialized consulting company will be retained in 2012 to extend the calculation to the forest areas of Minas Gerais and Rio Grande do Sul.



Elekeiroz

The financial risks and implications are associated with the occurrence of extreme weather events, which, as used here, mean the definitions and characterizations made by several international panels dedicated to studying this matter. These events include rainy seasons with rainfall rates much higher or lower than the historical average, with possibilities of disruption of the power supply (drought periods), or production logistics and transportation, as in the case of floods.

Another risk exists in regard to the international legislation that raises barriers and constraints to products made with raw materials from non-renewable sources. To mitigate this, Elekeiroz has positioned itself to take advantage of opportunities such as offering products made of raw material from renewable sources, including, in particular, the resins of the Biopoli and the Plastek 81 lines.

In 2010 Elekeiroz carried out its first inventory of greenhouse gas effect emissions with the assistance of a specialist company, so as to quantify and qualify its emissions. At the Camaçari (BA) plant, a project to collect and send the CO₂ to another company that uses the gas from the pipeline started in September 2010. The reduction of emissions achieved by this measure was of 1,034 tons of CO₂ in 2010 and 4,294 tons of CO₂ in 2011.



Itautec

Itautec operates in accordance with the most stringent environmental regulations of the countries where it operates – an example is the manufacturing of products free from toxic inputs and with low power consumption. The constant search for certification and the maintenance of the NBR ISO 14001 certification of its Environmental Management System (SGA) are some of the instruments used by the company to minimize the environmental risks. Nevertheless, Itautec is at risk from the impact of regulatory amendments associated with climate change in the markets where it operates.

Also as a precaution against increases of demand and imbalances in the supply of components, among other risks in the acquisition of inputs, including those associated with climate change likely to affect its suppliers, the company maintains strategic partnerships with global manufacturers with supply capacity for different conditions.

In those markets where Itautec operates where concern with the environment is a reality, the development and marketing of energy-efficient products free from toxic substances is an opportunity for new business or, in other words, a competitive edge of Itautec.

For the complete list of risks, please access the reference form available from the address www.cvm.gov.br or the Investor Relations site of [Itaú Unibanco](#), [Duratex](#), [Elekeiroz](#) and [Itautec](#).

EC9 Identification and description of significant indirect economic impact, including the extension thereof (AD)



Itaú Unibanco

Impact Assessment – Microfinance Line

The types of impact observed include:

- the customers serviced have the opportunity of improving their social conditions using the credit, insurance and guidance pack (creation of income, jobs and social mobility);
- the educational guidance, which includes financial education and monitoring of the credit agent and increases microentrepreneurs' skills (guidance on cash flow, economic cycle, separation between personal and business expenses, etc.).

There are no microfinance benchmarks in the market relating to indirect economic impacts. For 2012, the bank will look into the possibility of using indicators consistent with those of Mix Market (www.mixmarket.org), an international microfinance benchmarking organization, to identify a peer group compatible with Itaú Microcrédito and monitor the indicators.

The organization does not perform a quantitative assessment of the social impact, but a qualitative assessment, carried out by credit agents and supervisors who closely follow their customers' development during the visits and credit renewal. The information will be compiled into a database.

We also started work to identify individual microentrepreneurs in the regions with the biggest microcredit opportunities – the geomarketing mapping – which will increase our knowledge of the regions where we operate. Furthermore, in the second half of 2012, indicators to map the social impact of our product will be developed.

Assessment of the Impact – Community

Fundação Itaú Social

[Fundação Itaú Social](#) was created in 2000, and has engaged in the support of programs for improvement of public policies in the field of education, the development of technologies and methodologies that can be reproduced in a large scale, in partnership with municipal, state and federal governments, and in the design of systematic assessment mechanisms of the social projects.

With a nationwide outreach, Fundação Itaú Social concentrates its investments on four topics: Educational Management, Inclusive Education, Reading and Writing, and Assessment of Social Projects. In 2001, it was the only Brazilian institution invited to take part in the Innovation Fair held during the annual meeting of the Economic and Social Council of the United Nations (UN), held in July in Geneva, Switzerland. The meeting gathered 600 participants from all around the globe to address education as the core topic – which encouraged discussion about experiences that contribute to maintaining and accelerating compliance with the Millennium Development Goals and the agenda of Education for All, which are commitments undertaken by the UN.

An example of this initiative is the Language Olympic Games – Writing the Future, which invests in the development of teachers with an eye to improving teaching, reading and writing in Brazilian public schools.

In order to contribute to the expansion and consolidation of inclusive education, Fundação Itaú Social carries on a series of initiatives, such as Itaú-UNICEF Award and the Urban Youths Program, in addition to entering into partnerships with the Education Secretary's offices throughout the country, thereby cooperating with the structuring of inclusive education policies and the development of professionals to act toward their implementation.

Besides the courses, the program holds seminars that provide room for discussing methods and assessments, with the presence and contribution of assessment specialists and representatives from the governmental and voluntary sectors. In 2011, four regional seminars were held addressing this topic – in Salvador, São Paulo, Goiânia and Curitiba – in addition to an international seminar in Rio de Janeiro. We also disclosed the impact of our programs by way of reports posted on the Foundation website.

Instituto Unibanco, founded in 1982, has been concentrating its activities on the improvement of public high schools, which is important for the formation of youth. Its initiatives, as well as the development of new technologies and educational methodologies, are in line with Itaú Unibanco's principles of working in partnership with the governmental sector and investing in the improvement of public policies.

Another initiative that was converted into a public policy is the program Youths with a Future, which, starting in 2012, will have its technology transferred to the public high school networks of the states of Ceará, Goiás, Mato Grosso do Sul, Minas Gerais, Pará e São Paulo.

Since its founding in 1987, Instituto Cultural Itaú has been acting as an important agent for the study, preservation and showcasing of the Brazilian artistic memory.

In 2011, over 200 thousand people visited Instituto Cultural Itaús headquarters in São Paulo. The Institute's website received a total of 12.7 million single hits. There were 369 events, for the launch of 20 products. 23,470 product samples were distributed. 2,891 people applied for the Institute's programs in Visual Arts, Education, Culture and Arts, and Cultural Journalism, with 79 selected for the programs.

ENVIRONMENTAL PERFORMANCE

Energy

EN7 Initiatives to reduce indirect power consumption and the reductions obtained (**ad** – additional indicator).



Itaú Unibanco

Thinking about the future of its operations, the quality of the services, security and higher efficiency, in 2008 the bank started a transformation and upgrade of its primary Data Center. The program is responsible for renovating the Data Center in full operation, using criteria based on the best market practices to increase the maximum electrical density of computing equipment (W/m²) in the environment, thus contributing directly to higher energy and refrigeration efficiency, reduction of costs and operational risks, and optimization of the physical space.



Duratex

Duratex's energy matrix uses renewable natural resources like biomass. Over 50% of the matrix corresponds to energy generated from this source, which is indicative of its efforts in the adoption of clean technologies. Furthermore, actions are implemented in the industrial units for the purpose of increasing the efficiency or energy savings. Initiatives like the reuse of the excess heat of the oven in the ceramic sanitary ware unit in the city of Jundiaí (SP), the preference for the use of natural illumination in new buildings (or in renovated ones) and the installation of solar energy heating mechanisms for the water of the locker rooms demonstrate the company's concern with this matter.



Itautec

The initiatives to reduce the electric power consumption are established in the Environmental Management System (SGA), which was originally certified according to the NBR ISO 14001 Standard in 2003 and has been re-certified since then. The company also has a specific Environmental Management System in place to monitor the electric power consumption at the industrial plant, which includes instructions to employees on sustainable practices regarding energy saving.

Biodiversity**EN14** Strategies, measures in effect and future plans for the management of the impact on Biodiversity (ad – additional indicator).**Itaú Unibanco****Socioenvironmental Risks and Opportunities – Small and Mid-Sized Companies**

Since 2007, the bank has been carrying out socioenvironmental risk assessments to extend credit to small and mid-sized companies. This socioenvironmental risk analysis process was certified according to the ISO 9001 quality standard in May 2010 and re-certified in May 2011.

During the year, the Socioenvironmental Risk Policy of Itaú Unibanco Holding S.A. and the Sector Socioenvironmental Risk Policy of the Companies Area were adjusted to reflect the changes in the corporate policy.

Based on the area policy and on the Procedures Manual for socioenvironmental risk analysis, tools such as the Prohibited List, the Restricted List, the socioenvironmental category classification, the sector directives, the visits to customers and an external communication channel are used.

All the branches of activities were classified according to a socioenvironmental category, considering the risks inherent to the sector in which they operate. In light of this category system, the socioenvironmental risk analysis is carried out when credit is being extended to companies considered in the A category (high risk potential) and B category (medium risk potential) who are involved in credit lines equal to or higher than R\$ 5 million.

For the sectors involving activities included on the Restricted List (timber, fishery, asbestos or weapons and ammunition), the socioenvironmental risk analysis occurs for companies submitting credit applications of at least R\$ 1 million.

**Duratex**

Duratex's approach to its biodiversity impact is mainly related to forest management. The company contributes to the biodiversity of the fauna, flora and habitat preservation, by engaging in actions for native vegetation conservation, protection against illegal hunting and prevention of wildfires. These include a permanent surveillance system and the company's own firefighting brigades, according to the forest management plan.

The activities relating to the manufacturing of metal fittings and accessories, ceramic sanitary ware and wood panels do not have a significant adverse impact on biodiversity. Duratex's activities do not involve deforestation, as the only areas explored have already been anthropized by previous agricultural or cattle raising activities. Moreover, the forest farms maintain significant portions of conserved *cerrado* vegetation and Atlantic Forest alternating with eucalyptus and pine

plantations that shelter endangered species, such as the *suçuarana* (puma, *Puma concolor*), the *urubu-rei* (king vulture, *Sarcoramphus papa*), the *jacaré de papo amarelo* (broad-snouted caiman, *Caiman latirostris*), and the *tamanduá-bandeira* (giant anteater).

The protected areas, or areas of high biodiversity value, extend along 49,620.7 ha, of a total of 231,689.1 ha. The organization also maintains 615.5 ha of forests of the Olavo Egydio Setúbal Natural Reserve, a Private Reserve from the State Natural Assets (RPPN), located in the forest unit of Lençóis Paulista (SP). Different scientific projects have been supported by Duratex to study and monitor wildlife on the forest farms. The intent is to improve the environmental management, thus ensuring that wood production occurs in an increasingly eco-efficient manner.

Products and Services

EN26 Initiatives to mitigate the environmental impact of products and services (es – essential indicator).



Itaú Unibanco

At the end of 2011, approx. 100 thousand customers had already signed on to the PDF account statement, which corresponds to approx. 12 thousand customers a month on average.

Also in the Companies area, the simplification of Account Opening Application Forms (PAC) and Foreign Exchange Operations represented a reduction of seven million sheets of paper by the bank. Small and mid-sized companies also have, at their disposal, the Itaú Comexpress Sustainability Accountant. With this tool, for each foreign exchange contract executed by digital means at Itaú 30 Horas, the number of sheets of paper saved and the GGE avoided in the production of these documents is calculated and demonstrated to the customer.

Since the launch of digital signatures in foreign exchange operations, in 2009, over 6.2 million sheets of paper have been spared, thus exceeding the projection of reaching 5.7 million sheets of paper saved by the end of 2011. The amount of greenhouse gas emissions avoided is over 24.8 tons of CO₂.

With regard to microcredit, the geographic concentration of the microcredit agents seeks to improve the productivity of these professionals and the customer service, besides reducing the need for traveling. Credit agents also use public transportation.



Duratex

Duratex products are developed with consideration for the environment and are based on the commitment to the preservation of natural resources. An example is the offer of Deca Division products, which results in higher water efficiency solutions. The company is getting ready to meet the new requirements of the National Solid Waste Policy and carries on campaigns to educate customers on the

adequate disposal of the packaging they receive through indicators of recyclable material.



Itautec

Equipment manufacturing follows environmental precepts and stringent international standards, as is the case of the directive known as Restriction of Certain Hazardous Substances (RoHS), of the European Community, which restricts the use of hazardous chemicals such as, inter alia, lead, cadmium, mercury and hexavalent chrome. The company has been producing, since 2007, desktops, notebooks, netbooks and servers in line with the RoHS and will pursue, in 2012, the certification by an independent organism of its production process based on that directive.

The computing products are also registered using the Electronic Product Environmental Assessment Tool (EPEAT), an environmental assessment tool created by the US Environmental Protection Agency (EPA) and by the non-governmental organization Greener Electronics Council, which analyzes 51 environmental criteria in the concept and production of electrical and electronic equipment. Of the products that have been filed by Itautec since 2009, 78.3% have obtained the highest adherence level (gold), for satisfying the standards of excellence in at least 75% of the 51 features analyzed.

The company also produces equipment that meets the standards of the voluntary energy conservation program Energy Star, created by EPA and by the US Department of Energy. The average reduction of electric power consumption in 2011 in relation to the previous generations of equipment was 30% for desktops and 10% for notebooks, without diminishing the performance of the products.

Compliance

EN28 Penalties and sanctions for non-compliance with the environmental laws and regulations (**es – essential indicator**).



At Duratex, three occurrences that led to the entry into the Conduct Adjustment Agreement with the local State Attorney General authorities and the payment of a total amount of R\$ 49,762.39 were identified. In the industrial unit of Uberaba (MG), the company agreed to introduce the necessary improvements of the Waste Treatment Station (ETE). In the cities of Taquari (RS) and Itapetininga (SP), there were compensatory measures for the forest recovery of the areas involved.



In 2011, the companies Itaú Unibanco and Itautec did not receive any significant penalties (above R\$ 500 mil) or non-pecuniary sanctions were imposed for non-compliance with environmental laws and regulations.



General

EN30 Total investments and expenses in environmental protection, by type (**ad – additional indicator**).



Itaú Unibanco

In 2011, Itaú Unibanco invested R\$ 6.37 million in waste disposal and emission treatment, as well as R\$ 1.01 million in environmental prevention and management strategies, for a total of R\$ 7.38 million.



Duratex

In 2011, the company invested R\$ 26.7 million in environmental protection: R\$ 8.8 million in wastewater treatment, R\$ 11.9 million in waste collection, R\$ 2.1 million in forest conservation, R\$ 1.8 million in environmental shares, R\$ 227.4 thousand in water treatment, and R\$ 1.6 million in exhaust systems. Furthermore, an amount of R\$ 385.6 thousand was allocated for environmental liability activities.



Itautec

Itautec allocated R\$ 1.2 million to the environmental management system and its processes and to environmental remediation, comprising R\$ 917 thousand for the maintenance of operating processes and R\$ 234 thousand for environmental remediation projects under way.

LABOR AND DECENT LABOR PRACTICES

Employment

LA1* Total number of workers, by type of job, employment agreement and by region, broken down by sex (es – essential indicator).

***Note:** The complete information on the LA1 indicator of the subsidiaries is available from the annual sustainability reports of the companies. For this Itaúsa publication, the total number of employees has been considered.



Itaú Unibanco

COMPANIES' OWN AND THIRD PARTY EMPLOYEES

Region	2011	
	Own	Third Parties
South	8,306	3,171
Southeast	74,981	24,606
Midwest	4,081	1,204
Northeast	5,637	2,354
North	1,235	374
Total	94,240	31,709



Duratex 2011

Employees according to the employment relationship	Brazil	Abroad
Employees	10,390	171
Independent officers	13	0
Interns	107	0
Third party employees	1,929	0
Total	12,439	171



Elekeiroz

EMPLOYEE DISTRIBUTION BY REGION (NUMBER OF INDIVIDUALS)

	2011
Camaçari	387
São Paulo	3
Várzea Paulista	406
Total	796



Itautec

EMPLOYEES ACCORDING TO THE EMPLOYMENT RELATIONSHIP

	2011	
	Brazil	Abroad
Employees	5,761	141
Independent officers	7	0
Interns	65	0
Third party employees	434	0
Total	6,267	141

Relations between employees and governance

LA4 Percentage of employees covered by collective bargaining agreements (ES)

All the employees (100%) of the Conglomerate companies are covered by the collective bargaining agreements.

HUMAN RIGHTS

Investment practices and purchasing process

HR1 Percentage and total number of relevant agreements and contracts that include clauses referring to concerns with human rights or that have otherwise been submitted to review of human rights (**es – essential indicator**).

**Itaú Unibanco**

In 2011, Itaú Unibanco entered into a share purchase and sale agreement for the acquisition of a 49% interest in Banco CSF S.A. (Banco Carrefour) – by the beginning of 2012, it was waiting for the closure of the transaction by the Brazilian Central Bank. The investment contracts do not contain clauses addressing human rights, nor has the contract been submitted to any review regarding this aspect.

**Duratex**

The financing agreements with the National Bank for Economic and Social Development (BNDES) for Duratex projects were granted upon the presentation of statements executed by the company that no judgment has been rendered, either against the company or against its officers and directors, for discrimination based on race or sex, slave-like labor, child labor, bullying, sexual harassment or environmental crimes. In the year, Duratex did not make any significant investments that would call for a human resources audit. Duratex is a signatory to the Global Compact and supports the Ethos Institute.



There were no relevant investment contracts in the year that would call for a human resources audit.

HR2 Percentage of companies hired, suppliers and other significant business partners that were submitted to human rights audit and the measures undertaken (**es – essential indicator**).

**Itaú Unibanco**

In 2011, no legal violation was identified in respect of human rights, child labor, or young workers exposed to hazardous work conditions, forced labor or slave-like work in the operations of either Itaú Unibanco or of its relevant suppliers.



Duratex In October 2011, the company created the GFD Questionnaire – Supplier Management Questionnaire, which addresses a number of supplier assessment criteria, including those involving human rights. The assessment method and the flow of the questionnaire for the delivery of information will be completed in 2012 and will be applied to all Duratex suppliers.

**Itautec**

For the purpose of raising the awareness of socioenvironmental responsibility throughout its entire production chain and to encourage the improvement of its business partners, Itautec held the second Supplier Workshop in 2001. In the event, which was attended by 24 companies, the importance of adopting sustainability standards throughout the production chain was emphasized.

In the selection processes, Itaútec analyzes the quality of the inputs and the financial conditions to determine compliance with the tax, social and environmental requirements. At the end of 2011, Itaútec had 1,002 active suppliers, of which 836 were domestic and 166 were foreign suppliers. Of the total volume of purchases in the financial year, 80% were concentrated in 43 companies, 18% in 149, and the remaining 2% in 810 companies.

SOCIETY

Corruption

S02 Percentage and total number of business units submitted to a corruption risk assessment (**es** – essential indicator)



Itaú Unibanco

The corruption-related risks are specified in the Corporate Ethics, Anti-Corruption and Anti-Bribery Policy of the Bank. The risk assessment takes place in the scope of the monitoring routines, which were applied to Itaú Unibanco S.A. in 2011, and are carried out by areas such as Internal Controls, Financial Controls, Risk Management, etc. The reporting of policy violations is made to the Claims and Supervision Departments.

In 2011, no whistleblower report was received, nor was there any investigation carried out on either corruption or bribery cases. No legal action was filed against the organization and/or its employees.



Duratex

Duratex has standards for the treatment of corruption issues laid out in three corporate documents: the Code of Ethics and Conduct, the Corporate Policy for Prevention and Suppression of Unlawful Acts, and the Policy for Receiving and Handling Whistleblower Complaints. These standards are incorporated into the Purchasing Policy and are applied to suppliers to ensure ethical and transparent management, in compliance with the ILO Conventions and with the ten principles of the Global Compact.

Duratex also keeps an open channel for anonymous reporting of violations by the employees and third parties. The allegations are analyzed by the Commission of Ethics and, if confirmed, a warning is issued to violators and other internal sanctions may also be imposed on them. This will not exempt violators, however, from being held liable for their acts in legal proceedings before the courts of law. In 2011, the company did not receive any internal or external reporting of any corruption case.



Itaútec

The company combats and repudiates any type of corruption, and this position is clearly set out in its Code of Ethics and Conduct. The document is given to all employees at the time they join the company, irrespective of type of office to be filled, and entrants agree to adopt ethical principles and standards of conduct

valued by Itaútec. Employees also have a specific channel to report any type of deviation from the conduct expected and encouraged by the Company, which is set forth in the Code, as well as any conflicts of an ethical nature, with assured anonymity. In 2011, no business unit was submitted to any corruption-related risk assessment at Itaútec.

Public Policies

S05 Positions regarding public policies and participation in the design of public policies and lobbies (**es – essential indicator**).



Itaú Unibanco

Itaú Unibanco acts in such a manner as to contribute to good management and relationship practices developed along its history, as well as in partnerships with the government, so as to encourage the improvement of public policies and the expansion of the benefits to an increasing number of people.

The social and cultural investments are coordinated and managed by three institutions: Fundação Itaú Social, Instituto Unibanco and Instituto Itaú Cultural. Each of these organizations has distinct projects, objectives and targets, but they act in a complementary manner, and have been responsible for significant advancements in priority areas such as child and adolescent education, the development of citizenship, and the appreciation of Brazilian arts and history.

In 2011, the bank's social and cultural investments reached an approximate amount of R\$ 293.8 million, with emphasis on education and culture, totaling R\$ 184.2 million.

During the year, a further amount of R\$ 54.8 million was invested in other projects by way of the Rouanet Law. These funds were used in 66 projects spread throughout eight Brazilian states. Under the Law of Sports, Itaú Unibanco allocated R\$ 12 million to 13 high performance sports, educational sports, and leisure and recreation projects in 12 Brazilian states.

Fundação Itaú Social

One of the most important challenges to the development of education in the country is the design of management strategies that will exert a positive influence on the professional qualifications of educators and managers, in addition to strengthening and improving macro strategies of the public offices of education. In this context, Fundação Itaú Social has developed a series of programs and tools that contribute to the expansion of discussions of the matter. One of these initiatives is the Discussion Rounds on Educational Management, a series of events dedicated to the dissemination of information to education managers.

The Foundation also creates and prepares materials to provide assistance to schools based on projects such as the Improvement of Education in Municipal Schools – a program implemented in 15 municipalities of the State of Paraná, whose purpose

is to train public administrators in performing data management that can be useful for them in making decisions in their municipalities. The work developed during the Brasil Hoje [Brazil Today] project resulted in a site that gathers, in simple language, the educational data indicators in the municipalities where IBGE (Brazilian Institute of Geography and Statistics) made them available and those obtained from a number of other sites.

Through Fundação Itaú Social, the bank also encourages the participation of its employees in community activities supported by the Municipal Councils for the Rights of Children and Adolescents. This body also supports the offices of education through the *Itaú Criança* [Itaú Child] program, which has a work force designated Right to Education that focuses on the encouragement of reading.

To learn more about this and other programs involving public policies, you can access the website at www.fundacaoitausocial.org.br.

Instituto Unibanco

The capacity to join the formal labor market, the increase in income generation and social development are elements that depend, to a large extent, on the level of education achieved by individuals as they grow into adulthood.

Instituto Unibanco was created in 1982 and has been focusing its activities on qualification programs for public high schools, which is important for youth education. The Institute's initiatives, together with the development of new educational technologies and methodologies, are aligned with Itaú Unibanco's principles of working in partnerships with governmental authorities and investing in projects aimed at the improvement of public policies.

Instituto Unibanco projects are conducted in urban regions with a significant number of teenagers of high school age, and they assist over 160 thousand students throughout the country. The project's objectives are the reduction of school dropout rates, the improvement of management in public schools, the qualification of teachers and the creation of new methods to evaluate and re-certify public schools.

More information on Instituto Unibanco and its programs is available from <http://ww2.itaub.com.br/institutounibanco/Default.aspx>.



Duratex

The positions advocated by the industrial companies of the Itaúsa Conglomerate are geared to the implementation of measures likely to preserve the Brazilian industry's competitive capacity and to enable its growth and development on sustainable bases. For the achievement of these targets, Duratex has established the following focus areas for actions involving governmental associations and authorities:

- a) The technical grounds for the imposition of measures to curtail imports outside of the normal market conditions;
- b) The reporting of measures that wage a tax war among the states and the proposal of measures that might curb or counterbalance the damaging effects of tax war actions of some states;
- c) The fighting of piracy, tax evasion and other illegal forms of doing business;
- d) The relentless advocacy of ethics and formal action in the relations between the industries and their employees, suppliers, customers and the government;
- e) The preparation of proposals for tax burden reduction and equal tax treatment between industrial sectors;
- f) The advocacy of policies to foster technological development and innovation and the increase of value-added and technological content in the products manufactured by the Brazilian industry;
- g) Environmental protection and sustainability actions.



Itautec

Itautec seeks to approach the governments and cooperate in the creation of public policies likely to contribute to the improvement of their activities and reduce any possible socioenvironmental impact on the communities. An example of this position is the participation in work groups structured by the National Council for the Environment (Conama) for the regulation of the disposal of electrical and electronic product waste, which was approved by Law No. 12305/10, which established the National Policy for Waste Disposal.

S06 Total amount of contribution in financial resources and in kind to political parties, politicians or related institutions, broken down by country (**ad** – additional indicator).



Itaú Unibanco

The support granted by Itaú Unibanco to the candidates that take part in political campaigns is distributed according to the transparency and ethics principles and values, which underlie all the company's activities. In order to ensure appropriate conduct in this process, there is the Committee of Political Contribution, formed by the bank's board members and executives, which relies on a specific policy for contributions to political campaigns.

This policy sets forth that all the resources must be directed solely to candidates, thus preventing any contribution to party committees and political parties. The amounts allocated to this purpose also follow strictly the law that governs contributions to election campaigns.

The Political Assessment Committee is responsible for analyzing the candidates'

track records and their political platforms, as well as for selecting the candidates whose proposals are more beneficial to a competitive market, meritocracy and social development. In 2011, no such contribution was made by the bank.



Duratex

There was no financial contribution in the year 2011.



Itautec

According to Itautec's Code of Ethics and Conduct, the company may effect contributions to political parties and candidates to political offices in accordance with the applicable law, after analyzing the platforms and the track records of candidates, in order to choose, after comprehensive evaluation and discussion, those that will offer the proposals considered most effective in achieving sustainable development and the improvement of the living conditions of the Brazilian population. The funds will be booked by the company in strict compliance with the law that regulates contributions to election campaigns. In 2011, no financial contribution was made to any political party or candidate to a political office.

Unfair Competition

S07 Total number of lawsuits on account of unfair competition, trust and monopolistic practices and the results thereof (**ad – additional indicator**).

In the financial year 2011, the Itaúsa Conglomerate companies were not named in any claim for unfair competition, trust or monopolistic practices.

PRODUCT LIABILITY

PR6 Programs of adherence to the law and to the voluntary standards and codes of marketing communication, including advertising, promotion and sponsorship (**es – essential indicator**).



Itaú Unibanco

With an eye to fostering actions in an ethical and transparent manner, several internal rules that guide the bank's marketing actions, such as the Corporate Code of Ethics, Our Way to Do It (Corporate Culture), the Corporate Information Security Guide, the Corporate Crisis Management and the Guide for Continuity of Business, have been established.

Furthermore, Itaú Unibanco adheres to a number of self-regulation codes existing in the market, such as those of the Brazilian Central Bank (Bacen), of the Superintendent for Private Insurance (Susep), the National Council for Self-Regulation in Advertising (Conar), the Brazilian Bank Federation (Febraban), the Brazilian Association of Credit Card and Services (Abecs) and the Consumer Protection Code (CDC), among others. Compliance with these voluntary standards and codes is ensured by way of market surveys, customer service channels and the joint management of the Internal Controls, Compliance, Legal and Business areas.



Duratex

Duratex communication addressed to its customers and consumers is based on principles established in its Code of Ethics and Conduct, which includes a commitment to the truthfulness of the information disclosed and the prohibition of the use of children for commercial purposes in the company's advertising.



Itautec

Itautec does not carry on any programs of voluntary adherence to codes relating to promotion, advertising and marketing policies. Its Code of Ethics and Conduct sets forth the principles that govern the company's relationship with its customers with ethics and respect for consumers.

PR7 Number of non-compliance cases with voluntary regulations and codes referring to marketing communications, including advertising, promotion and sponsorship, described by type of result (**ad** – **additional indicator**).



Itaú Unibanco

The National Council for Self-Regulation in Advertising (Conar) held that the advertisement "Most Sustainable Bank of the World" was acceptable and dismissed, by unanimous vote, the complaint filed against Itaú Unibanco, at a session held on March 1, 2012 at the Special Chamber for Appeals of the Ethics Council.



Duratex

In 2010, no charges or complaints of violation against the code of self-regulation in advertising were received, and no advertising, promotion and sponsorship complaints, or any other claims for alleged violation of customers' privacy, were filed against the company.



Itautec

In the financial year 2010, there was no record of any non-compliance case related to marketing, advertising, promotion or sponsorship communication.

Independent auditor's limited assurance report on the annual Sustainability Report for 2011

To the Board of Directors

Itaúsa - Investimentos Itaú S.A.

Introduction

We have been engaged to perform a limited assurance engagement on the accompanying annual Sustainability Report for 2011 of **Itaúsa - Investimentos Itaú S.A.** for the year ended December 31, 2011.

Management's responsibility for the annual Sustainability Report for 2011

The management of **Itaúsa - Investimentos Itaú S.A.** is responsible for the preparation and presentation of the annual Sustainability Report for 2011, in accordance with the criteria and guidelines for sustainability reports of the Global Reporting Initiative (GRI-G3.1). This responsibility includes designing, implementing and maintaining internal control over the proper preparation and presentation of the annual Sustainability Report for 2011.

Responsibility of the professional

Our responsibility is to provide a limited assurance report on the information disclosed in the annual Sustainability Report for 2011 of **Itaúsa - Investimentos Itaú S.A.** for the year ended December 31, 2011, based on the work performed.

Procedures applied

Our limited assurance engagement was performed in accordance with the Brazilian Accounting Standard NBC TO 3000, "Assurance Engagements Other than Audit and Review", issued by the Federal Accounting Council (CFC). This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance whether any matters come to our attention that cause us to believe that the annual Sustainability Report for 2011 of **Itaúsa - Investimentos Itaú S.A.** does not comply, in all material respects, with the criteria and guidelines for sustainability reports of the Global Reporting Initiative (GRI-G3.1).

The procedures selected depend on the independent auditor's judgment, including the evaluation of risks that the Sustainability Report does not significantly meet the criteria and guidelines for sustainability reports of the Global Reporting Initiative (GRI-G3.1). Within the scope of our work, the procedures conducted included the following, among others: (i) planning the work, taking into consideration the materiality and the volume of information presented in the annual Sustainability Report for 2011; (ii) obtaining an understanding of

the internal controls; (iii) examining, on a test basis, evidence that supports the quantitative and qualitative data in the annual Sustainability Report for 2011; (iv) understanding the procedures and calculation methodology for the consolidation of indicators; (v) comparing, on a sampling basis, the indicators disclosed in the annual Sustainability Report for 2011 with the quantitative and qualitative data; (vi) interviewing the members of management responsible for the information through visits to the Company's administrative unit; and **(vii) comparing information of a financial nature with that in the accounting records.**

The procedures to obtain evidence in a limited assurance engagement are more limited than in a reasonable assurance engagement; accordingly, the assurance level is substantially lower than that which would be obtained in a reasonable assurance engagement. Consequently, we were unable to express, and we do not express, a reasonable assurance opinion on the annual Sustainability Report which was the object of our work.

Scope and limitations

The objective of our work was to evaluate whether the data included in the annual Sustainability Report for 2011 of **Itaúsa - Investimentos Itaú S.A.**, with respect to obtaining qualitative information and measuring and calculating quantitative information, are presented in accordance with the criteria and guidelines for sustainability reports of the Global Reporting Initiative (GRI-G3.1). Opinions, historical information, descriptive information and information resulting from subjective evaluations and evaluation of legal compliance of the information included in the annual Sustainability Report for 2011 were not included in the scope of the work performed. Additionally, we point out that the information relating to certain indicators with technical measures may present variations, since the accuracy depends on the nature of the indicator and is subject to the method used as reference.

Conclusion

Based on the procedures carried out and evidence obtained, nothing has come to our attention that causes us to believe that the annual Sustainability Report for 2011 of **Itaúsa - Investimentos Itaú S.A.**, for the year ended December 31, 2011, does not comply, in all material respects, with the criteria described above (Scope and limitations).

São Paulo, April 26, 2012



PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Manuel Luiz da Silva Araújo
Contador CRC 1RJ039600/O-7 "S" SP



Statement GRI Application Level Check

GRI hereby states that **Itaúsa S.A.** has presented its report "Annual Sustainability Report, 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 11 May 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, large, stylized globe watermark in the background.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because **Itaúsa S.A.** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.
www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 4 May 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

Corporate Information

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Credits

General Coordination

Superintendent of Corporate Communication of Itaú Unibanco

Public Relations and Award Management

Cooperation

Planning and Proprietary Business Area

Executive Management and Investor Relations Team – Itaúsa Investimentos Itaú S.A.
Itaú Unibanco Holding S.A.

Duratex S.A. Elekeiroz S.A. Itaotec S.A.

Coordination and Consulting on Graphic Design

CDN Publicidade

Consulting on Content, GRI and Process of Materiality Determination

Scriba Comunicação Corporativa

Photos

Image Bank Itaú Unibanco, Duratex, Elekeiroz and Itaotec

Leonardo Wen

Christina Rufatto

Our special thanks to the people who authorized the use of their images and to all the employees who contributed to the preparation of this report.