

Investment Stewardship

Vote Bulletin: Itaú Unibanco Holding S.A.

Company	Itaú Unibanco Holding S.A. (BVMF: ITUB4)
Market and Sector	Brazil, Financials
Meeting Date	Annual General Meeting (AGM): 23 April 2024 Extraordinary General Meeting (EGM): 23 April 2024
Key Resolutions ¹	AGM – Item 5.5: Elect Fabio Colletti Barbosa as Independent Director AGM – Item 9: Approve Classification of Independent Directors EGM – Item 5: Amend Restricted Stock Plan
Key Topics	Board quality and effectiveness, director overcommitment
Board Recommendation	AGM – The board recommended shareholders vote FOR Item 5.5 and Item 9 at the Annual General Meeting, EGM – The board recommended shareholders vote FOR Item 5 at the Extraordinary Shareholders Meeting
BlackRock Vote ²	AGM – BlackRock voted AGAINST Item 5.5 and Item 9 EGM – BlackRock voted AGAINST Item 5

Overview

Itaú Unibanco Holding S.A. (Itaú Unibanco) is a Brazilian financial services company headquartered in São Paulo, Brazil.

As part of our fiduciary duty to our clients, BlackRock Investment Stewardship (BIS) promotes sound corporate governance as an informed, engaged shareholder on their behalf. In our experience, sound governance is critical to long-term financial value creation and the protection of investors' interests.

BIS takes a constructive, long-term approach to our engagement with companies and focuses on the management and oversight of the drivers of risk and financial value creation in a company's business model. Engagement may also help inform our voting decisions for those clients who have given us authority to vote on their behalf.

¹ Itaú Unibanco Holding S.A. "General Stockholders' Meeting Manual Annual General Stockholders' Meeting and Extraordinary General Stockholders' Meeting of April 23, 2024." March 23, 2024.

² BIS conducts proxy voting for those clients who authorize us to vote on their behalf. As part of BlackRock's Voting Choice program, eligible institutional and retail clients can have greater access to the proxy voting process where legally and operationally viable. Read more about Voting Choice [here](#).

BIS has a multi-year history of engagement with Itaú Unibanco, with recent discussions focusing on the company's board composition and independence.

As discussed in our [Global Principles](#), an effective and well-functioning board that has appropriate governance structures enabling director independence and oversight of a company's management and strategic initiatives is, in our experience, critical to the company's long-term financial success and the protection of shareholders' economic interests.

BIS aims to assess a number of factors including the board's effectiveness as a group, individual directors' independence and time commitments, as well as the mix and relevance of director experiences and skills, and how these factors may contribute to the performance of the company.

Rationale for BlackRock's vote

Annual General Meeting – Item 5.5: Elect Fabio Colletti Barbosa as Independent Director (AGAINST)

BIS did not support the election of Mr. Colletti Barbosa because, by currently serving on five company boards, he is considered overcommitted per our proxy voting guidelines.

BIS engaged with Itaú Unibanco prior to the company's April 2024 AGM to inquire about Mr. Colletti Barbosa's board commitments. At the time of engagement, Mr. Colletti Barbosa served on five company boards in addition to his role as the CEO of Grupo Natura &Co Holding S.A.

As discussed in our [proxy voting guidelines for Latin American securities](#), when a director serves on an excessive number of boards, it may limit their capacity to focus on each board's needs. For non-executive directors in Latin America, the BIS team has determined that a director is unlikely to have capacity to be fully engaged if they serve on more than five boards.³ For public company executives, defined as a Named Executive Officer or Executive Chair, serving on more than three boards is likely to make them overcommitted.

Upon engagement, Itaú Unibanco informed BIS of the company's internal guidelines on overcommitments whereby the company does not make a distinction between executive and non-executive board members. The company, though, recognized our position on director overcommitments.

Given the number of boards that Mr. Colletti Barbosa currently serves on, BIS did not support his election to the board.

Annual General Meeting – Item 9: Approve Classification of Independent Directors (AGAINST)

BIS did not support the approval of the classification of independent directors, as we determined that one nominated director was not independent given his recent role as a company executive.

As outlined in our [proxy voting guidelines for Latin American securities](#), we look to issuers to meet the independence regulations mandated in their market of incorporation, and we strongly encourage that a majority of the directors on the board are independent. Director independence – from management, significant shareholders, or other related parties – is a central tenet of sound corporate governance in stewardship codes across markets.⁴ BIS encourages boards to have a sufficient number of independent directors to ensure that the interests of all shareholders are protected and the company is led and managed to deliver long-term financial returns for investors. BIS classifies a nominated director's employment as a senior executive by that company or a subsidiary within the past five years as an impediment to independence.

³ For more information, access the BIS [Proxy voting guidelines for Latin Americas securities](#).

⁴ See: Tokyo Stock Exchange. "Japan's Corporate Governance Code." June 11, 2021; Financial Reporting Council. "UK Corporate Governance Code." July 16, 2018; Investor Stewardship Group. "Corporate Governance Principles for US Listed Companies."

BIS did not consider Mr. Candido Botelho Bracher to be independent given that he served as the company's CEO until February 2021. As such, BIS did not support the approval of the classification of independent directors, a bundled proposal at Itaú Unibanco's April 2024 AGM.

Extraordinary Shareholders Meeting – Item 5: Amend Restricted Stock Plan (AGAINST)

BIS did not support a management proposal to amend the company's restricted stock plan because of our concerns about the independence of the board's compensation committee and the poor structure of awards that lacked alignment with long-term financial value creation.

In our view, executive compensation structures should generally drive outcomes that align the pay of executives with the performance of the company and the value received by shareholders. As described in our [proxy voting guidelines for Latin American securities](#), when evaluating performance, we examine both the executive team's efforts, as well as outcomes realized by shareholders. Payouts to executives should reflect both the executive's contributions to the company's ongoing success, as well as exogenous factors that impact shareholder value. Where discretion has been used by the compensation committee, we look for disclosures relating to how and why the discretion was used and how the adjusted outcome is aligned with the financial interests of shareholders.

Regarding non-executive directors' compensation, BIS considers it best practice when the compensation committee determines executive compensation in a manner that is commensurate with the time and effort directors expended in fulfilling their professional responsibilities.⁵ These compensation arrangements should not risk compromising directors' independence or aligning their interests too closely with those of company management, whom they oversee.

In BIS' assessment, the Itaú Unibanco compensation committee had a conflict of interest as it is the administrator of the equity plan, and, at the same time, some committee members are also personal beneficiaries of it. At the time of the April 2024 EGM, there was no mechanism in place to ameliorate our independence concern and failure to align pay with performance. Therefore, BIS did not support the proposal to amend the company's restricted stock plan.

⁵ For more information, access the BIS commentary: "[Our approach to engagement on incentives aligned with financial value creation.](#)"

About BlackRock Investment Stewardship (BIS)

BlackRock Investment Stewardship (BIS) promotes sound corporate governance as an informed, engaged shareholder on behalf of our clients. For those clients who have given us authority,⁶ we vote proxies in line with our public [Global Principles and regional voting guidelines](#) and informed by our engagements, where relevant, as well as our analysis of company disclosures.⁷ Under our benchmark policies, we vote with the sole objective to advance our clients' long-term financial interests.

As one of many shareholders, and typically a minority one, our role, on behalf of our clients as long-term investors, is to better understand how a company's leadership is managing risks and capitalizing on opportunities to help protect and enhance its ability to deliver long-term financial returns.

The BIS team of more than 60 dedicated professionals⁸ operates across nine offices globally, taking a localized approach while also benefitting from global insights. We focus most of our efforts on corporate governance as, in our experience, sound governance is critical to the success of a company, long-term financial value creation, and the protection of investors' interests.

We are committed to transparency in the stewardship work we do on behalf of clients. The BIS [Global Principles, regional voting guidelines](#), and five [engagement priorities](#) (collectively, the BIS policies) set out the core elements of corporate governance that guide our investment stewardship program globally and within each regional market every year. These policies support effective stewardship processes and transparency and align with our commitment to pursue long-term financial returns for our clients as shareholders.

In addition, we inform clients about our engagement and voting policies and activities through direct communication and through various other disclosure on our [website](#). For shareholder meetings where a vote might be of particular interest to clients, we may publish a vote bulletin after the meeting explaining how we voted on key proposals.

Want to know more? blackrock.com/stewardship

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⁷ As detailed in our [Global Principles](#), proxy voting involves logistical issues which can affect BlackRock's ability to vote such proxies, as well as the desirability of voting such proxies. As a consequence, BlackRock votes proxies on a "best-efforts" basis.

⁸ As of June 30, 2024.